

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

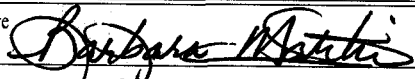
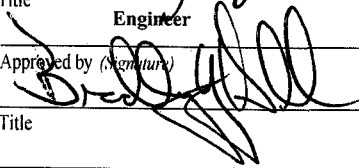
FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>UTU-57455</b>
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator <b>McElvain Oil &amp; Gas Properties, Inc.</b>		7. If Unit or CA Agreement, Name and No. N/A
3a. Address <b>1050 17th St. Suite, 1800, Denver, CO 80265</b>	3b. Phone No. (include area code) <b>(303) 893-0933</b>	8. Lease Name and Well No. <b>Hanging Rock Federal #1-2</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface <b>6464901 529' ENL &amp; 2003' FEL (NWNE) Sec. 1, T12S-R23E SLB&amp;M</b> At proposed prod. zone <b>same (vertical well) 39.808248 -109.288717</b>		9. API Well No. <b>43-047-39430</b>
10. Field and Pool, or Exploratory <b>Oil Springs</b>		11. Sec., T. R. M. or Blk. and Survey or Area <b>Sec. 1, T12S-R23E SLB&amp;M</b>
14. Distance in miles and direction from nearest town or post office* <b>Approx. 25 miles South of Bananza, Utah</b>		12. County or Parish <b>Uintah County</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>529' North Lease Line</b>		13. State <b>UT</b>
16. No. of acres in lease <b>10,092.7 Acres</b>		17. Spacing Unit dedicated to this well <b>40 Acres</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>"C"Topo 1mile Radius</b>		20. BLM/BIA Bond No. on file <b>COB-000010</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>5967.9 GL</b>		22. Approximate date work will start* <b>09/01/2007</b>
		23. Estimated duration <b>30 Days Constuction &amp; Drilling</b>

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature 	Name (Printed Typed) <b>Barbara Martin</b>	Date <b>07/06/2007</b>
Title <b>Engineer</b>		
Approved by (Signature) 	Name (Printed Typed) <b>BRADLEY G. HILL</b>	Date <b>07-12-07</b>
Title <b>ENVIRONMENTAL MANAGER</b>		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

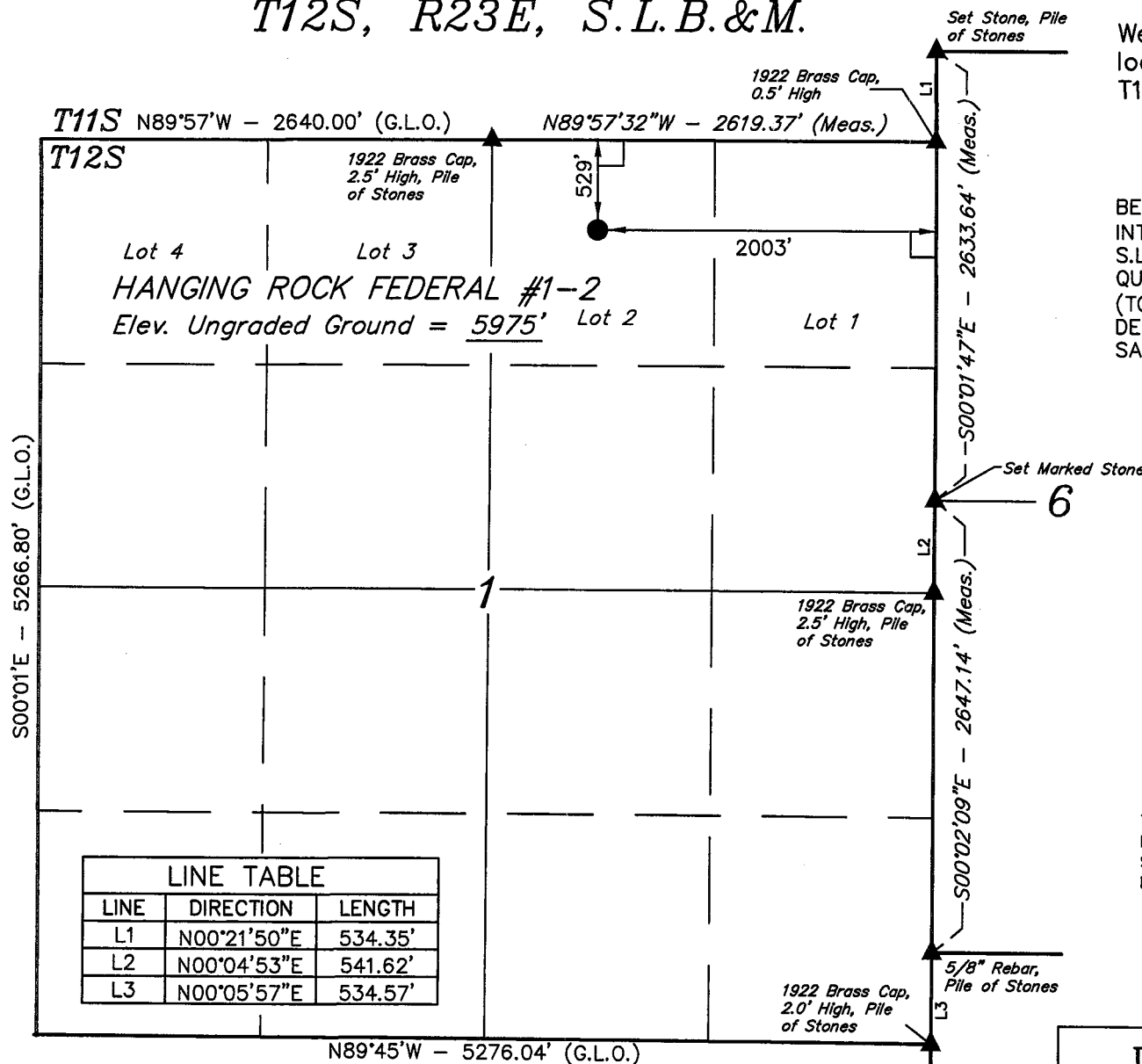
Federal Approval of this  
Action is Necessary

RECEIVED  
JUL 10 2007  
DIV. OF OIL, GAS & MINING

*T12S, R23E, S.L.B.&M.*

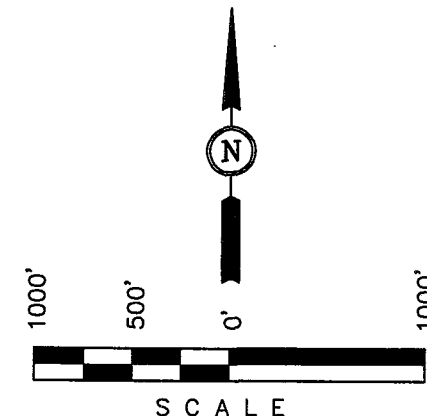
**McELVAIN OIL & GAS PROP., INC.**

Well location, HANGING ROCK FEDERAL #1-2, located as shown in Lot 2 of Section 1, T12S, R23E, S.L.B.&M., Uintah County Utah.



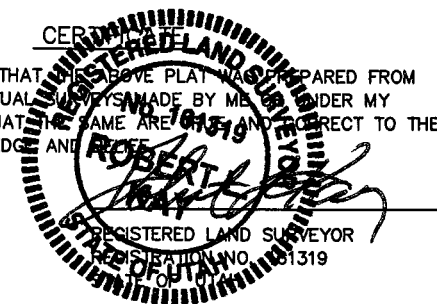
**BASIS OF ELEVATION**

BENCH MARK 87 EAM LOCATED NEAR A ROAD INTERSECTION IN THE SW 1/4 OF SECTION 1, T12S, R23E, S.L.B.&M. TAKEN FROM THE ARCHY BENCH SE QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5887 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



**LINE TABLE**

LINE	DIRECTION	LENGTH
L1	N00°21'50\"E	534.35'
L2	N00°04'53\"E	541.62'
L3	N00°05'57\"E	534.57'

N89°45'W - 5276.04' (G.L.O.)

**BASIS OF BEARINGS**

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(NAD 83)

LATITUDE = 39°48'29.76\" (39.808267)

LONGITUDE = 109°17'21.92\" (109.289422)

(NAD 27)

LATITUDE = 39°48'29.88\" (39.808300)

LONGITUDE = 109°17'19.50\" (109.288750)

**LEGEND:**

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

**UTAH ENGINEERING & LAND SURVEYING**

**85 SOUTH 200 EAST - VERNAL, UTAH 84078**

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 06-08-07	DATE DRAWN: 06-11-07
PARTY J.W. Q.B. C.H.	REFERENCES G.L.O. PLAT	
WEATHER HOT	FILE McELVAIN OIL & GAS PROP., INC.	

## Ten Point Drilling Plan

McElvain Oil & Gas Properties, Inc.

Hanging Rock Federal #1-2

Surface Location NW  $\frac{1}{4}$ , NE  $\frac{1}{4}$ , Section 1, T12S-R23E, SLB&M  
Uintah County, Utah

### 1. Surface Formation

Uintah

### 2. Estimated Formation Tops and Datum

(Datum Assumes 13' KB above ungraded GLE of 5,975' from sea level = 5,988' KB)

<u>Formation</u>	<u>Top @ Drill Depth</u>	<u>Datum</u>	<u>Anticipated Fluids</u>
Uintah	Surface	+5,988' KB	
Green River	488'	+5,500' KB	
Uteland Butte	2,488'	+3,500' KB	
Wasatch	2,588'	+3,400' KB	Gas, Water
Mesaverde	4,238'	+1,750' KB	Gas, Water
Neslen	5,338'	+ 650' KB	Gas, Water
Sego	6,118'	- 130' KB	Oil, Gas, Water
Buck Tongue	6,268'	- 280' KB	Oil, Gas, Water
Estimated TD	6,500'		

Potential formation objectives include the Uteland Butte, Wasatch and Mesaverde, including the Mesaverde sub-members. Primary objectives will be the Wasatch and Mesaverde.

### 3. BOP and Pressure Containment Data

Formation pressures are anticipated to be normally or slightly under-pressured with a maximum bottom hole pressure of slightly less than 2,850 psi (pressure gradient of less than 0.435 psi/ft).

A 2000-psi WP BOP system as described in 43 CFR 3160 "Onshore Oil and Gas Order #2" will be utilized. The system will consist of a 2,000 psi double ram preventer with one blind, one pipe ram. The system may, depending on the drilling rig's substructure clearance, utilize a rotating head. Please refer to the attached BOP diagram for this 2,000 psi BOP configuration. The kill line and choke manifold will have a 2,000 psi or higher pressure rating. The BOP system, including the surface casing, will be pressure tested following initial installation and prior to drill-out of the surface casing. Pressure tests will be conducted to the minimum standards set forth in "Onshore Oil and Gas Order #2". The BOP will be mechanically checked daily during the drilling operation.

**4. Proposed Hole, Casing and Cementing Data****Hole & Casing Configuration**

<u>Hole Size</u>	<u>Hole Interval</u>	<u>Casing Size</u>	<u>Setting Depth</u>	<u>Casing New/Used</u>
12 1/4"	0 - 650'	9 5/8"	600' - 650'	New
7 7/8"	650 - TD	4 1/2"	T.D.	New

**Casing Properties**

<u>Csg Size</u>	<u>Csg Wt./Ft</u>	<u>Csg Grade</u>	<u>Csg Thread</u>	<u>Csg Collapse</u>	<u>Csg Burst</u>	<u>Csg Tensile</u>
9 5/8	32.3	H-40	ST&C	1,400 psi	2,270 psi	254,000#
4 1/2	11.6	N-80	LT&C	6,350 psi	7,780 psi	267,000#

If used, conductor pipe will be set at approximately 40 feet and have a 14" minimum outside diameter.

**Cement Program**

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amount</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
9 5/8"	Premium + 2% CaCL + 0.25 lb/sk. Cello Flake.	345 sacks	1.18 cf/sk	15.6 lbs/gal

*Above surface casing cement volume based upon 75-100% excess for cement to surface*

4 1/2"	<u>Lead</u> (2350'-surface) Premium + 16% Gel + 1% Econolite + 5#/sk Gilsonite + 1.5#/sk Granulite + 0.25#/sk Flocele + 3% Salt	190 sacks	3.81 cf/sk	11.0 lbs/gal
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	<u>Tail</u> (TD to 2350') Premium-AG + 2% Gel + 0.5% Halad(R)-9 + 0.3% CFR-3 + 2% Microbond + 0.1% Super CBL	800 sacks	1.52 cf/sk	14.2 lbs/gal
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*Above cement volumes based upon 25% excess, or if accurate caliper log obtained, 15% excess for cement to surface.*

*A stage tool may be run if drilling conditions indicate a two stage job is warranted or if favorable mud log shows and elog responses indicate potential pay in the Uteland Butte or Green River Formation.*

**Float Equipment & Centralizers**

Surface casing will be single staged with guide shoe, 1 joint casing, baffle. A minimum of 3 bow spring centralizers will be run on bottom as follows: Center of shoe joint, top of 1st casing connection & top 2nd casing connection.

Production casing will be single staged with float shoe, 1 joint casing, float collar. A minimum of 3 centralizers will be run on bottom plus additional centralizers run through potential pay zones in the tail cement interval.

**5. Mud Program**

<u>Interval</u>	<u>Mud Type</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./Qt.</u>	<u>Fluid Loss ML/30 Min.</u>
0 - 650'	Air & Mist			No Control
650 - 2,150'	Water	8.4 - 8.8	28 - 36	No Control
2,150 - 6,500' (TD)	Water/Gel	8.8 - 9.4	32 - 42	8 - 10

*Unless hole conditions dictate otherwise, mud-up is anticipated to start approximately 300' above the Uteland Butte formation. Visual mud monitoring will be used.*

**6. Testing, Coring, Sampling and Logging Program**

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Mud loggers will be scheduled for call-out following drill-out of the surface casing. The rig-up of gas detection equipment and recovery of cuttings samples will start at the bottom of the Green River formation at approximately 2,450' drill depth. Initially, a 30 foot sampling frequency will be scheduled. Depending on drill rates and shows, and at geologist's discretion, sampling frequency may be increased to 10 foot intervals.

## d) Electric Logging:

<u>Type</u>	<u>Interval</u>
Induction-Gamma Ray-Caliper	TD to Surface Casing
Density-Neutron	
Cement Bond Log-Gamma Ray	PBTD to Top of Cement

**7. Abnormal Conditions**

Oil and gas shows are anticipated but no abnormal pressures, temperatures or other hazards are anticipated. Other wells drilled in the area have not encountered H<sub>2</sub>S. Anticipated formation pressures are expected to be “normally pressured” (0.435 psi/ft) or slightly under-pressured with a maximum bottom hole pressure of slightly less than 2,850 psi. Maximum anticipated surface pressure equals approximately 1,400 psi (Normal pressure gradient less partially evacuated hole gradient times depth: 0.435 psi/ft – 0.22 psi/ft x 6,500’ TD = 1,400 psi).

**8. Anticipated Starting Date & Drilling Schedule**

Location building and well spud is anticipated within 120 days of McElvain’s receipt of an approved drilling permit and conditioned upon lease wildlife stipulations. Duration of location construction, drilling & completion operations is expected to be approximately 55 aggregate days comprised of 7 construction days, 3 days to pre-set surface casing, 2 move-in/rig-up days, 15 drilling days, 2 rig-down/move-out days, 1 location prep day, 20 completion & testing days & 5 battery construction days.

**9. Variances**

Operator requests a variance to regulations requiring a straight run blooie line (when possible, a straight run blooie line will be used).

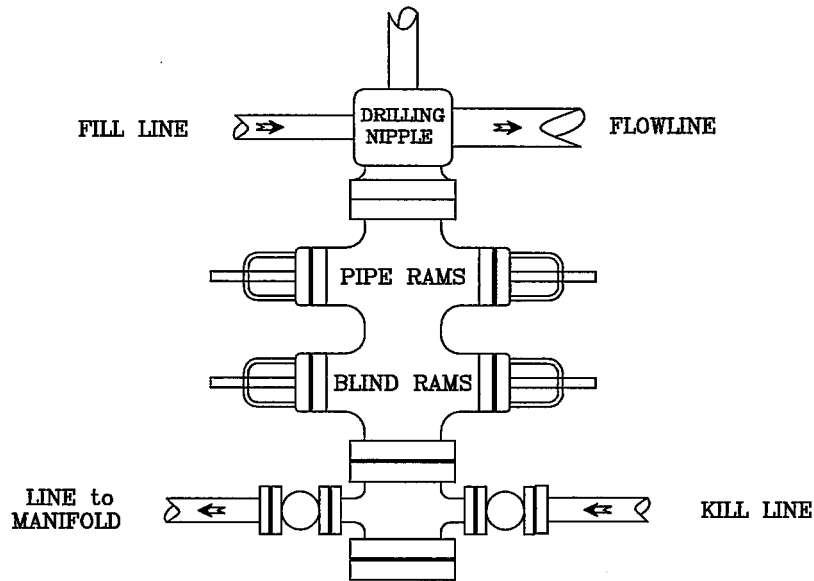
Operator requests a variance to regulations requiring an automatic igniter or continuous pilot light on the blooie line.

**10. Other**

Directional drilling for this location is dismissed in reference to Section 2.5.3 Directional Drilling of the RDG Final EIS. The RDG addresses directional drilling to be eliminated because of technical and economic limits. In brief, it addresses the Mesaverde and Wasatch formations consist of randomly stacked lenticular sand lenses. Most of the target formations are untested zones and directional drilling is expensive to drill. Therefore, drilling vertically through the target zone allows for more favorable economic results.

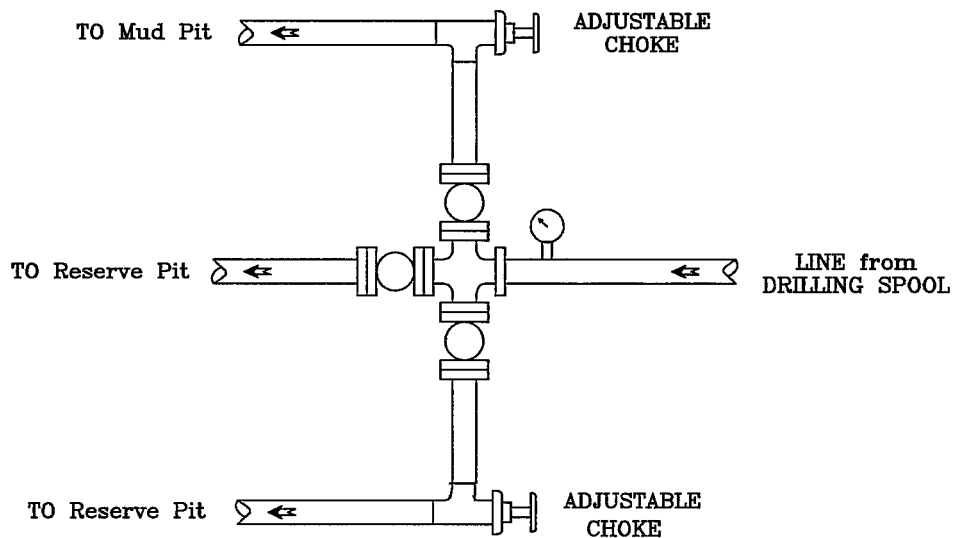
# PRESSURE CONTROL

## Wellhead Assembly



2000 PSI or higher Pressure Rating

## Choke Manifold



McElvain Oil & Gas Properties, Inc.

Hanging Rock Federal #1-2

**McELVAIN OIL AND GAS PROPERTIES, INC.**

**13 POINT SURFACE USE PLAN**

**Hanging Rock Federal #1-2**

**NW  $\frac{1}{4}$  NE  $\frac{1}{4}$**

**SEC. 1, T12S-R23E, S.L.B.&M.**

**UINTAH COUNTY, UTAH**

**LEASE NUMBER: UTU-57455**

**SURFACE MANAGER/OWNER:**

**BUREAU OF LAND MANAGEMENT**



## 1. Existing Roads

Starting in Vernal, Utah

Head East and southeast from Vernal on Highway 40 to Highway 45 at Naples, Utah where a sign indicates the direction to Bonanza Power Plant.

Right (south)  $\pm$  36 miles on Highway 45 to Bonanza, Utah.

Proceed south (past Bonanza and White River) on Highway 45 an additional  $\pm$  5 miles to mile marker "0".

Left (southeast) at mile marker "0" on gravel road. BLM sign indicates this is the access road leading to "Rainbow Junction" and "Baxter Pass" (Uintah Cnty Rd # 4180)

Proceed south/southeast on gravel road approximately 3.7 miles to a "Y" in the road at sheep corrals known as the "Greek" corrals.

Right at the "Y" by the "Greek" corrals towards Atchee Ridge and Rainbow (Uintah Cnty Rd #4190).

Proceed  $\pm$  8.5 miles to a junction.

Left at the junction towards "King's Well" and "Rainbow" (continue on Rd #4190)

Proceed only  $\pm$  0.6 miles to another junction.

Right at junction towards "Kings Well" and head southwest (continue on Rd #4190)

Proceed  $\pm$  7.0 miles on "Kings Well" road to an intersection just before the sheep corrals known as the "Cedar Corrals".

Right at intersection and head north approximately 0.2.

Left head west approximately 1.1 miles into Hanging Rock Federal #1-8 location.

Right and head north west approximately 0.5 miles on the proposed access road to the Hanging Rock Federal #1-2 location.

Total distance from Vernal, Utah to the proposed well is approximately 65 miles.

All existing roads from Vernal, Utah to proposed access road are State or County Class D roads.

Anticipated construction will occur on approximately 2640 feet of ON-LEASE access road adjoining and lying slightly southeast of the proposed location.

Please see the attached map B Topo for additional details.

## 2. Planned access road

The proposed location will require approximately 2640 feet of ON-LEASE new road construction.

The new road will be built to the following standards:

A) Approximate length	2640 Ft.
B) Right of Way width	30 Ft.
Running Surface	18 Ft.
C) Maximum grade	< 5%
D) Turnouts	None
E) Major cuts and fills	None
F) Culvert	None
G) Surfacing material	Native Soil
H) Fence crossing	None
I) Road flagged	Yes
J) Access road surface manager/owner	BLM
K) Pipeline crossing	None
L) Stream crossings	None
M) All new construction on lease	Yes

Please see the attached location Map B Topo for additional details.

Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surfacing Operating Standards for Oil and Gas Exploration and Development, 1989. This is also referred to as the Gold Book.

The road will be constructed to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction shall include ditching, draining, graveling, crowning, and capping the road bed, as necessary, to provide for a well-constructed safe road. Prior to construction, the road shall be cleared of any snow cover and allowed to dry completely. Travel off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type (unless specified differently). Crossings will be constructed so they will not cause "silt-up" or accumulation of debris in the drainage crossing, nor shall the drainages be blocked by the roadbed. Erosion of the drainage ditches by runoff water shall be prevented by diverting water at frequent intervals by utilizing cutouts. Up grading will not be constructed during muddy conditions. Should mud or dust holes develop, they will be filled in and detours around them avoided.

### 3. Location of existing wells

The following wells are located within a one mile radius of the location site.

A) Water well	None
B) Abandoned well	Two (HRF 31-11, CF 6-6)
C) Temp. abandoned well	None
D) Disposal well	None
E) Drilling/Permitted well	Seven (HR 11-23-41-36, HR 11-23-13-36, HR 11-23-43-36, HR 11-23-44-36, HR 11-23-14-36, HR 11-23-24-36 & HR 16MU-2-12-23)
F) Producing well	Five (HRF 1-8, HRF 1-16, HRF 1-14, HRF 42-2 & HR 11-23-42-36)
G) Shut in well	One (HRF 1-4)
H) Injection well	None
I) Monitoring or observation well	None

Please see the attached map C Topo for additional details.

### 4. Location of tank batteries, production facilities, and production gathering service lines.

#### A) Production Facility

All production facilities will be contained within the proposed location site. Please see the attached plan for a typical gas well equipment and pipe lay-out.

All permanent structures (on site for six month or longer), constructed or installed, will be painted a flat, non-reflective, earth-tone color to match one of the standard environmental colors. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

If the well is capable of economic production, a gas gathering line will be required.

## B) Gas Gathering Line

We propose to install approximately 2375 feet ON-LEASE of steel gas gathering line if an economic well is drilled and completed. Construction of the gathering line will start at the Hanging Rock Federal #1-2 well site location and head South East along the Eastern edge of the new access road. The pipe line will then follow the road until reaching the Hanging Rock Federal #1-8 location, where it will tie-in to an existing pipeline in Section 1, T12S-R23E.

Please see map D for gathering line location.

The gathering line will not require an off lease right-of-way.

The line will be a 3-4" steel line, depending on the anticipated well deliverability.

Max operating pressure will be 500 psi.

The operating temperature of the gathering system will reflect the daily ambient temperature of the area.

At this time, there are no plans for on-site compression or pumping stations.

The gathering line will not be hydrostatically tested.

The pipeline will be laid and utilized above ground. The following are reasons for above ground installation:

- A) This area would require blasting to bury the pipeline.
- B) Buried pipeline are subject to corrosion over time which in return requires the pipeline to be dug up for repair and/or maintenance.

Both of these reasons would create additional surface disturbance to bury the pipeline. In addition, when the location is reclaimed the buried pipeline will be required to be dug up and removed. If pipeline is laid above ground it would allow for maintenance and removal with minimal surface disturbance.

The pipe line will be removed when there is no continuing need for this gathering line. Prior to removing the line, an onsite will be held with the BLM to insure that the removal and reclamation will conform to all applicable BLM regulations and requirements.

There will be no additional surface disturbances required for the installation of a gathering line. The pipeline will be welded together and pulled from the well-site location and tie-in points when practical, although it will likely be necessary to utilize small segments of the access road for some of the pipe line welding. The line will then be boomed off to the side of the road.

A gas meter will be located within 500' of the well head. The gas line will be buried or anchored down from the well head to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the production tank(s) strapped in place prior to any sales deliveries from the well. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

#### **5. Location and type of water supply**

Water for drilling and cementing the subject well will fresh water and will be trucked by contractor Tu & Frum, Inc. Depending on road conditions, water will be trucked from: Rose Wood Resources flowing water well, Well #5A, in Section 24 T11S-R23E, water permit number 49-1547, and/or Willow Creek, 30 miles southwest of Vernal in Sec. 29, T12S-R21E, permit #T-75377, and/or the White River in Sec. 23, T10S-R23E, permit #T-75517. Completion water will come from the same supply or from the City of Vernal, Utah.

#### **6. Source of construction materials**

All construction material for this location site and access road shall be borrowed material accumulated during construction of the location site and access road. Additional road gravels or pit lining material will be obtained from private sources.

#### **7. Methods for handling waste disposal**

##### **A) Pit construction and liners:**

The reserve pit will be approximately 8 to 10 feet deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The pit liner will be a nylon reinforced liner. It will be a minimum of 16 mil thickness with sufficient bedding (i.e. weed free straw or hay, felt, or soil) to cover any rocks. Additional pit requirements will specified by the BLM in their "Conditions of Approval". The liner will overlap the pit walls and be covered with dirt and/or rock to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit.

The pit will be used to hold non-flammable materials such as drilling make-up water, drill cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

**B) Produced fluids**

Produced water will be confined to the reserve pit, or if deemed necessary, a steel storage tank will be utilized for water storage for a period not to exceed 90 days after initial production. Produced water accumulated after the initial production and testing period will be stored in steel tank(s) before truck removal to an authorized disposal pit or injection well.

**C) Garbage**

A trash cage fabricated from expanded metal will be used to hold trash on location. All trash will be removed to an authorized landfill location.

**D) Sewage**

A portable chemical toilet will be supplied for human waste during the drilling operation.

**E) Site clean up**

After the drilling and the completion rig is moved off the location, the well site area will be cleaned and all refuse removed.

**F) Hazardous Material Statement**

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing or completion of the well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling, testing or completion of the well.

**8. Ancillary facilities**

There are no ancillary facilities planned at this time and none are foreseen in the future.

**9. Well-site layout and location**

The proposed location has been staked at 529' FNL & 2003' FEL of Section 1, T12S-R23E.

Well-site layout

Location dimensions are as follows:

A) Pad length	335 ft	G) Max fill	15.2 ft
B) Pad width	160 ft	H) Total cut yards	9,810 cu. yds.
C) Pit depth	8 – 10 ft	I) Pit location	Southeast
D) Pit length	150 ft	J) Top soil locations	corner 1, 2 & 6
E) Pit width	70 ft	K) Access road location	East side
F) Max cut	9.7 ft	L) Flare pit	Corner 6

Please see the attached location diagram for additional details.

The reserve pit will be fenced on three sides during drilling operations. The fourth side will be fenced when the drilling rig is removed from the location. The fence will be maintained until clean-up.

All pits will be fenced according to the following minimum standards:

- A) Thirty-nine inch net wire shall be used with at least one strand of barb wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

#### **10. Plans for restoration of the surface**

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. This stripped top soil will amount to approximately 1,660 cubic yards of material. Topsoil will be stockpiled in two piles. Placement of the topsoil is noted on the attached location plat. The stock piled topsoil will be seeded with the seed mix dictated by the BLM. When all drilling and completion activities have been completed and the pit back-filled, the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the topsoil has been spread. The unused portion of the location will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

A) Producing location

Following the back-fill of the reserve pit, the natural drainage pattern shall be restored, as nearly as practical, to its original line of flow.

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit, the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow for proper back filling, the Operator will submit a request for an extension of time. Once initiated, reclamation activities will be completed within 30 days, weather conditions permitting.

If a reserve pit utilizes a liner, the liner shall be turned down below ground level and perforated before the pit is backfilled.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and runoff from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert runoff as needed.

When restoration activities have been completed, the location site shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

a) Seeding dates

Seed will be spread when the topsoil is stock piled and when reclamation work is performed.

b) Seed mix

The seed mix utilized in the soil reclamation will be in the amounts, and of the type specified by the BLM in their "Conditions of Approval".

B) Dry hole/Abandoned location

At such time as the well is plugged and abandoned, the operator will submit a subsequent report of abandonment and the BLM will attach the appropriate surface rehabilitation conditions of approval.



**11. Surface Manager/Owner**

Location	Bureau of Land Management
Access road	Bureau of Land Management
Pipeline	Bureau of Land Management

**12. Other information****A) Vegetation**

The vegetation coverage is slight. The predominant existing vegetation consists of sage brush.

**B) Dwellings**

There are no known dwellings with in 1 mile of this proposed location.

**C) Archeology & Paleo**

A cultural resource inventory survey was conducted on the proposed well-site location, access road and pipe line route. The archaeological survey was conducted by Montgomery Archaeological Consultants and their State Project Permit No U-07-MQ-0728b. Also, a Paleontological Report was conducted by Intermountain Paleo-Consulting, IPC # 07-156.

During any operations, if archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations which would affect such sites or objects will be suspended and the BLM will be immediately notified.

**D) Water**

The nearest live water is White River,  $\pm$  9 miles north-east of the proposed location.

**E) Chemicals**

No pesticides, herbicides or other possible hazardous chemicals will be used without AO approval.

**F) Notifications**

The Bureau of Land Management will be notified as follows

**a) Location construction**

At least 48 hours prior to construction of location and access roads

- b) Location completion  
24 hours prior to moving the drilling rig on location.
- c) Spud notice  
At least 24 hours prior to well spud.
- d) Casing string and cementing  
At least 24 hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests  
At least 24 hours prior to initial pressure tests.
- f) Abandonment – Newly Drilled Dry Holes and/or Hole Failures  
At least 24 hours prior to start of abandonment operations. In certain situations, Operator may be unable to provide 24 hour advance notice, but in all situations, Operator will receive abandonment orders from the BLM prior to the actual commencement of abandonment operations.
- g) First production notice  
Within 5 business days after the new well begins, or production resumes after well has been off production for more than 90 days.
- h) Completion and Re-completion Operations  
At least 24 hours prior to moving the rig on location.
- i) State of Utah Division of Oil, Gas, and Mining (DOGM) Notifications  
Within 24 hours of well spud, Operator will notify DOGM at 801.538.5284.  
Prior to commencement of operations to plug and abandon the well, Operator will notify DOGM at 801.538.5338.

#### G) Flare pit

The flare pit will be located in corner 6 of the reserve pit and outside the pit fence on the south side of the location. All fluids will be removed from the flare pit within 48 hours of occurrence.

#### H) Wildlife Stipulations

Wildlife stipulations and possible activity restrictions will be detailed in the “Conditions of Approval” received with an approved Permit to Drill. Operator will comply with these wildlife “conditions of approval”.

## I) Onsite

Onsite Date: Thursday, June 21, 2007

## Onsite attendants

Mike Cutler	BLM
Scott Ackerman	BLM
Ivan Sadlier	McElvain Oil & Gas
Barbara Martin	McElvain Oil & Gas

**13. Lessees or Operator's representative(s) and certification**

## A) Representatives

Barbara Martin  
Engineer  
1050 – 17<sup>th</sup> Street, Ste. 1800  
Denver, CO. 80265  
Off. 303.893.0933 xtn 345  
Fax. 303.893.0914  
Cell. 303.718.0812  
E-Mail. [barbaram@mcelvain.com](mailto:barbaram@mcelvain.com)

Ivan Sadlier  
Production Foreman  
P.O. Box 985  
Vernal, UT. 84078  
Cell #1: 435.828.0284  
Cell #2: 435.828.0282  
E-Mail. [sadlier@easilink.com](mailto:sadlier@easilink.com)

McElvain Oil & Gas Properties, Inc. is considered to be the operator of the subject well. McElvain Oil & Gas Properties, Inc. agrees to be responsible under the terms and conditions of the lease for operations conducted upon the leased premises.

## B) Certification

All lease operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, and approved "Plan of Operation", and any applicable "Notice to Lessees".

The operator will be fully responsible for the actions of its subcontractors. A copy of these conditions will be furnished to the field representatives to ensure compliance.

Bond coverage for the lease activities is being provided by McElvain Oil & Gas Properties' BLM Nationwide Bond #COB-000010

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by McElvain Oil and Gas Properties, Inc. and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date July 6, 2007

McElvain Oil & Gas Properties, Inc.



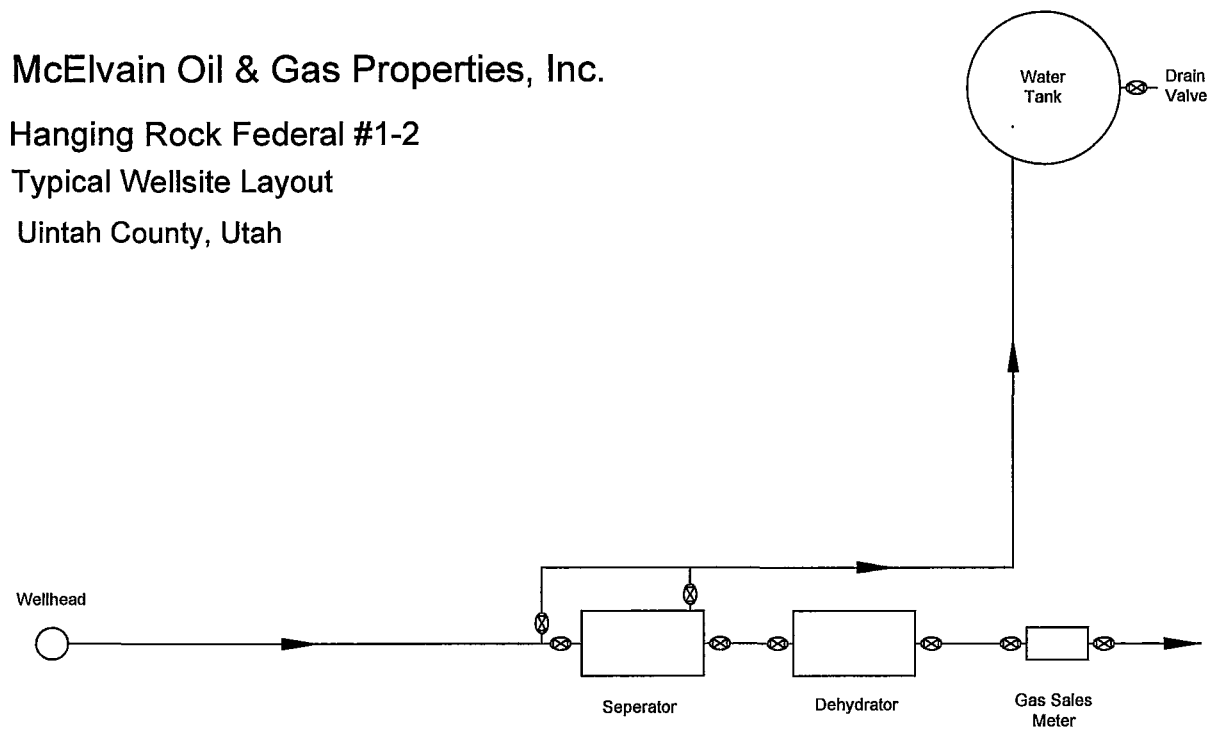
Barbara Martin  
Engineer

McElvain Oil & Gas Properties, Inc.

Hanging Rock Federal #1-2

Typical Wellsite Layout

Uintah County, Utah



## **Paleontological Reconnaissance Report**

---

**McElvain's Proposed Well Pads, Access Roads and Pipelines  
for "Archy Bench Federal #12-4 & #12-16" (Sec. 12, T  
11 S, R 22 E) & "Hanging Rock Federal #1-1 &  
#1-2" (Sec. 1, T 12 S, R 23 E)**

Archy Bench, Archy Bench SE & Buck Camp Canyon  
Topographic Quadrangle  
Uintah County, Utah

July 3, 2007

Prepared by Stephen D. Sandau  
Paleontologist for  
Intermountain Paleo-Consulting  
P. O. Box 1125  
Vernal, Utah 84078

CULTURAL RESOURCE INVENTORY OF  
MCELVAIN OIL & GAS PROPERTIES, INC.'S PROPOSED  
HANGING ROCK FEDERAL #1-1 AND #1-2  
WELL LOCATIONS, UINTAH COUNTY, UTAH

By:

Keith R. Montgomery

Prepared For:

Bureau of Land Management  
Vernal Field Office

Prepared Under Contract With:

McElvain Oil & Gas Properties, Inc.  
1050 17<sup>th</sup> Street, Suite 1800  
Denver, Colorado 80265

Prepared By:

Montgomery Archaeological Consultants, Inc.  
P.O. Box 219  
Moab, Utah 84532

July 4, 2007

MOAC Report No. 07-256

United States Department of Interior (FLPMA)  
Permit No. 07-UT-60122

State of Utah Antiquities Project (Survey)  
Permit No. U-07-MQ-0728b

# McELVAIN OIL & GAS PROP., INC.

## HANGING ROCK FEDERAL #1-2

LOCATED IN UINTAH COUNTY, UTAH  
SECTION 1, T12S, R23E, S.L.B.&M.

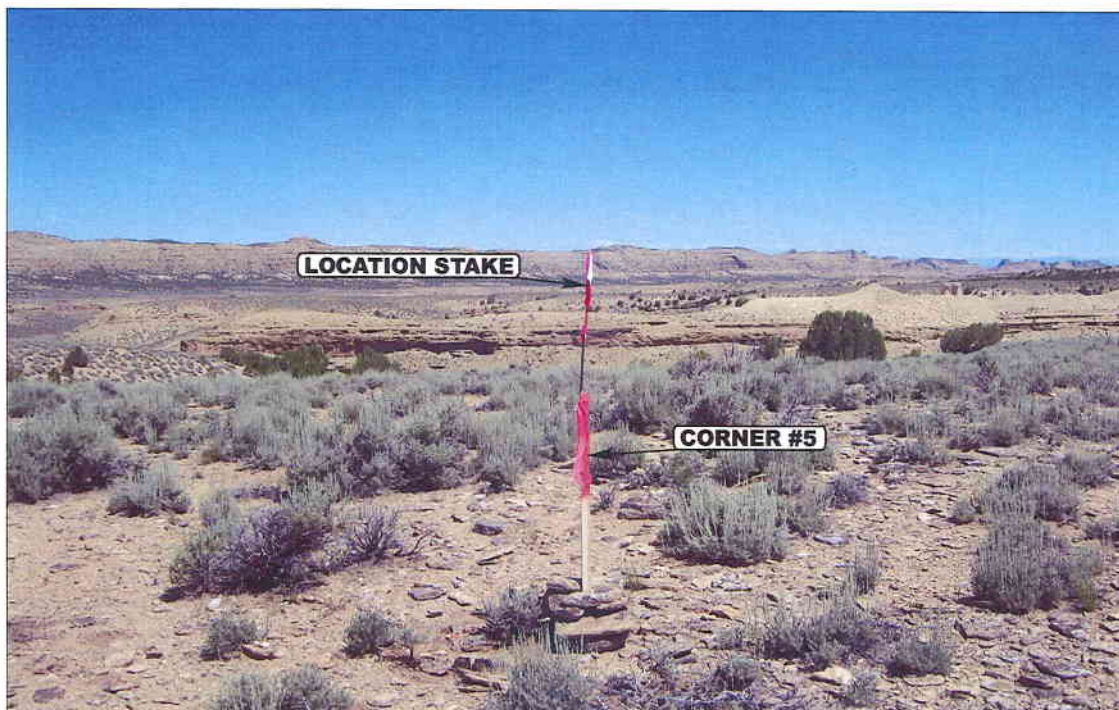


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

**UELS** Uintah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
435-789-1017 uels@uelsinc.com

### LOCATION PHOTOS

06 11 07  
MONTH DAY YEAR

PHOTO

TAKEN BY: J.W.

DRAWN BY: C.P.

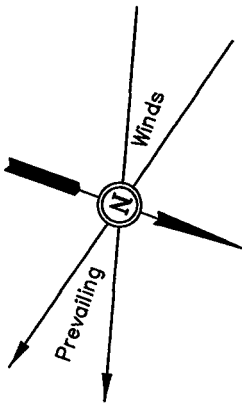
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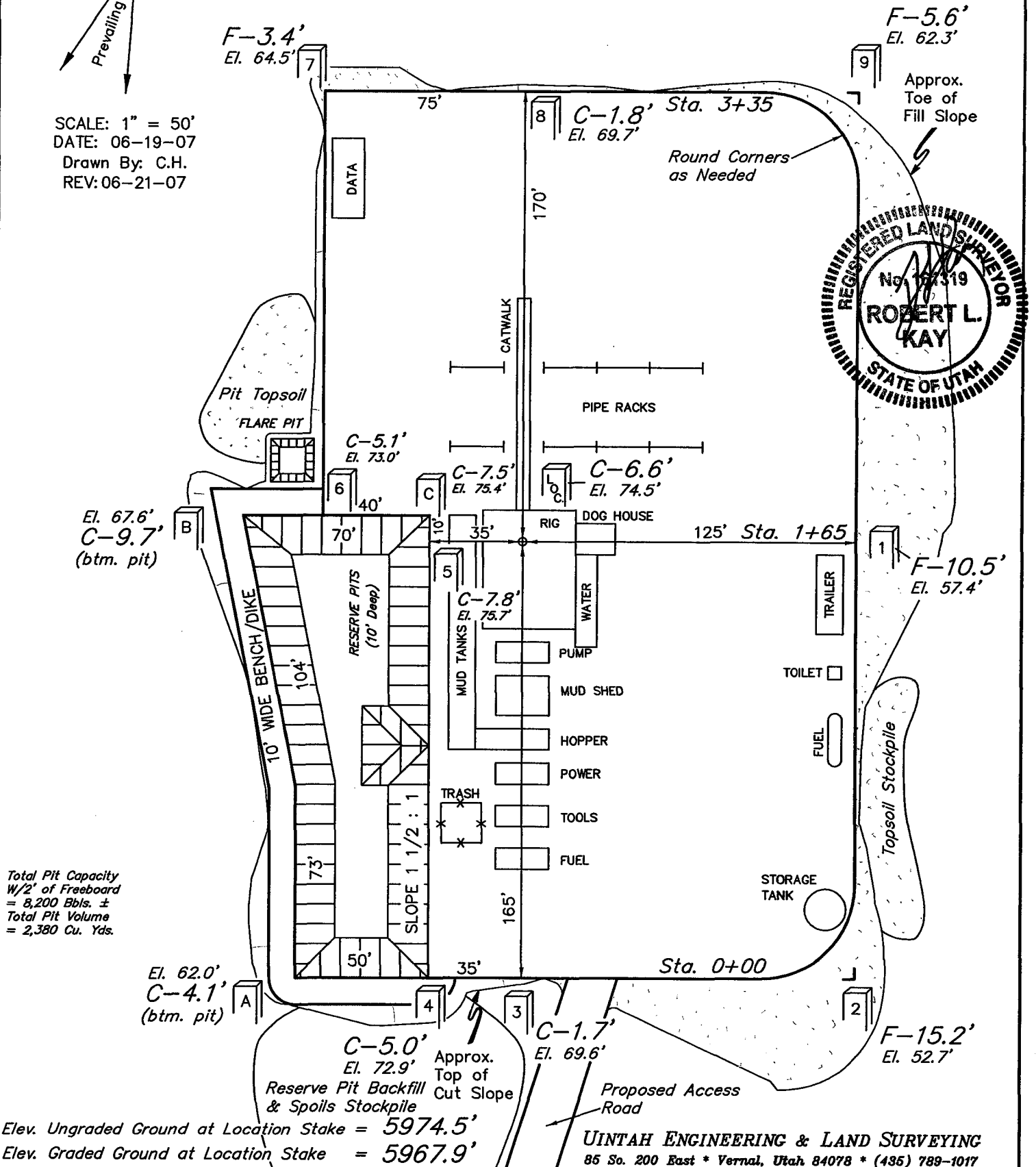
# M'ELVAIN OIL & GAS PROP., INC.

## LOCATION LAYOUT FOR

HANGING ROCK FEDERAL #1-2  
SECTION 1, T12S, R23E, S.L.B.&M.  
529' FNL 2003' FEL



SCALE: 1" = 50'  
DATE: 06-19-07  
Drawn By: C.H.  
REV: 06-21-07



Total Pit Capacity  
W/2' of Freeboard  
= 8,200 Bbls. ±  
Total Pit Volume  
= 2,380 Cu. Yds.

Elev. Ungraded Ground at Location Stake = 5974.5'  
Elev. Graded Ground at Location Stake = 5967.9'

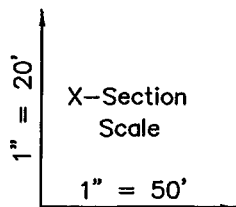
UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017

# McELVAIN OIL & GAS PROP., INC.

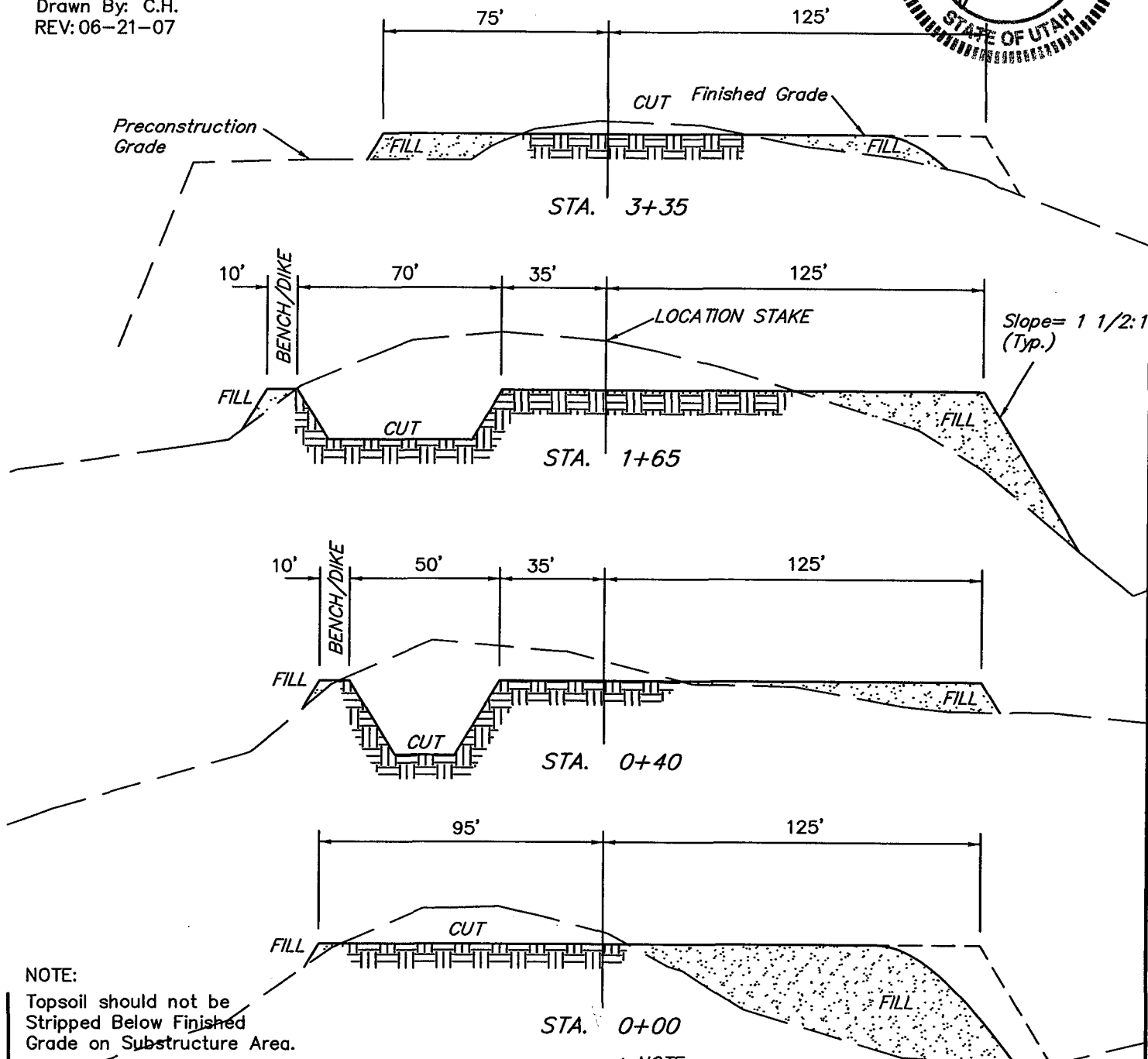
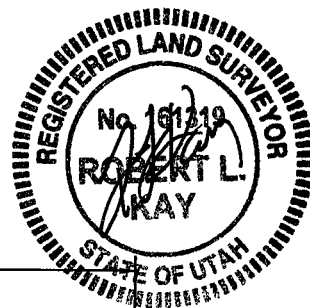
## TYPICAL CROSS SECTIONS FOR

HANGING ROCK FEDERAL #1-2  
SECTION 1, T12S, R23E, S.L.B.&M.

529' FNL 2003' FEL



DATE: 06-19-07  
Drawn By: C.H.  
REV: 06-21-07



### NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

### APPROXIMATE YARDAGES

#### CUT

(6") Topsoil Stripping = 1,660 Cu. Yds.

Remaining Location = 8,150 Cu. Yds.

TOTAL CUT = 9,810 CU.YDS.

FILL = 6,960 CU.YDS.

### \* NOTE:

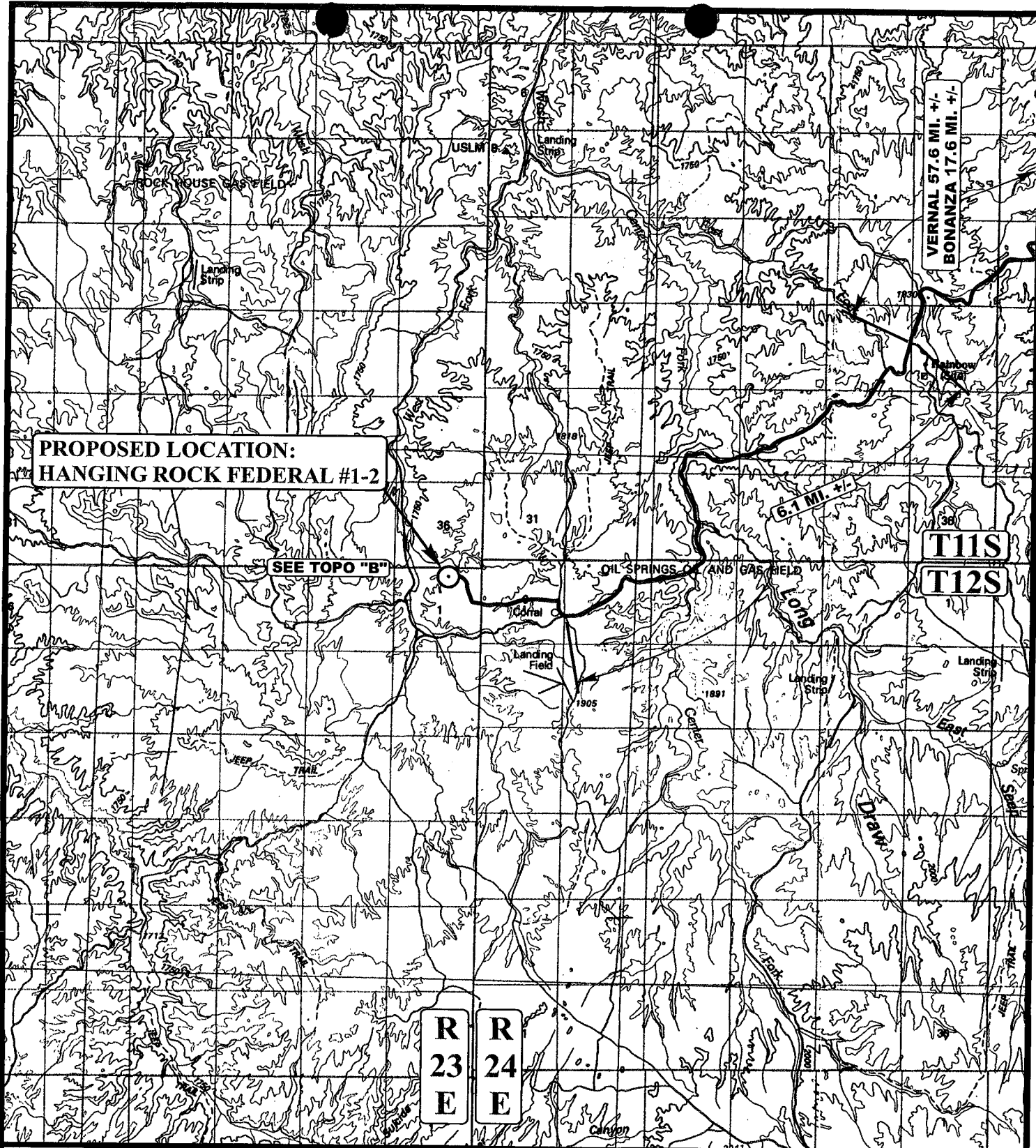
FILL QUANTITY INCLUDES 5% FOR COMPACTION

Excess Material = 2,830 Cu. Yds.

Topsoil & Pit Backfill (1/2 Pit Vol.) = 2,850 Cu. Yds.

EXCESS UNBALANCE (After Rehabilitation) = 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017



**PROPOSED LOCATION:  
HANGING ROCK FEDERAL #1-2**

**SEE TOPO "B"**

**T11S  
T12S**

**R  
23  
E**

**R  
24  
E**

**LEGEND:**

○ PROPOSED LOCATION



**McELVAIN OIL & GAS PROP., INC.**

**HANGING ROCK FEDERAL #1-2  
SECTION 1, T12S, R23E, S.L.B.&M.  
529' FNL 2003' FEL**



**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC  
MAP**

**06 11 07**  
MONTH DAY YEAR

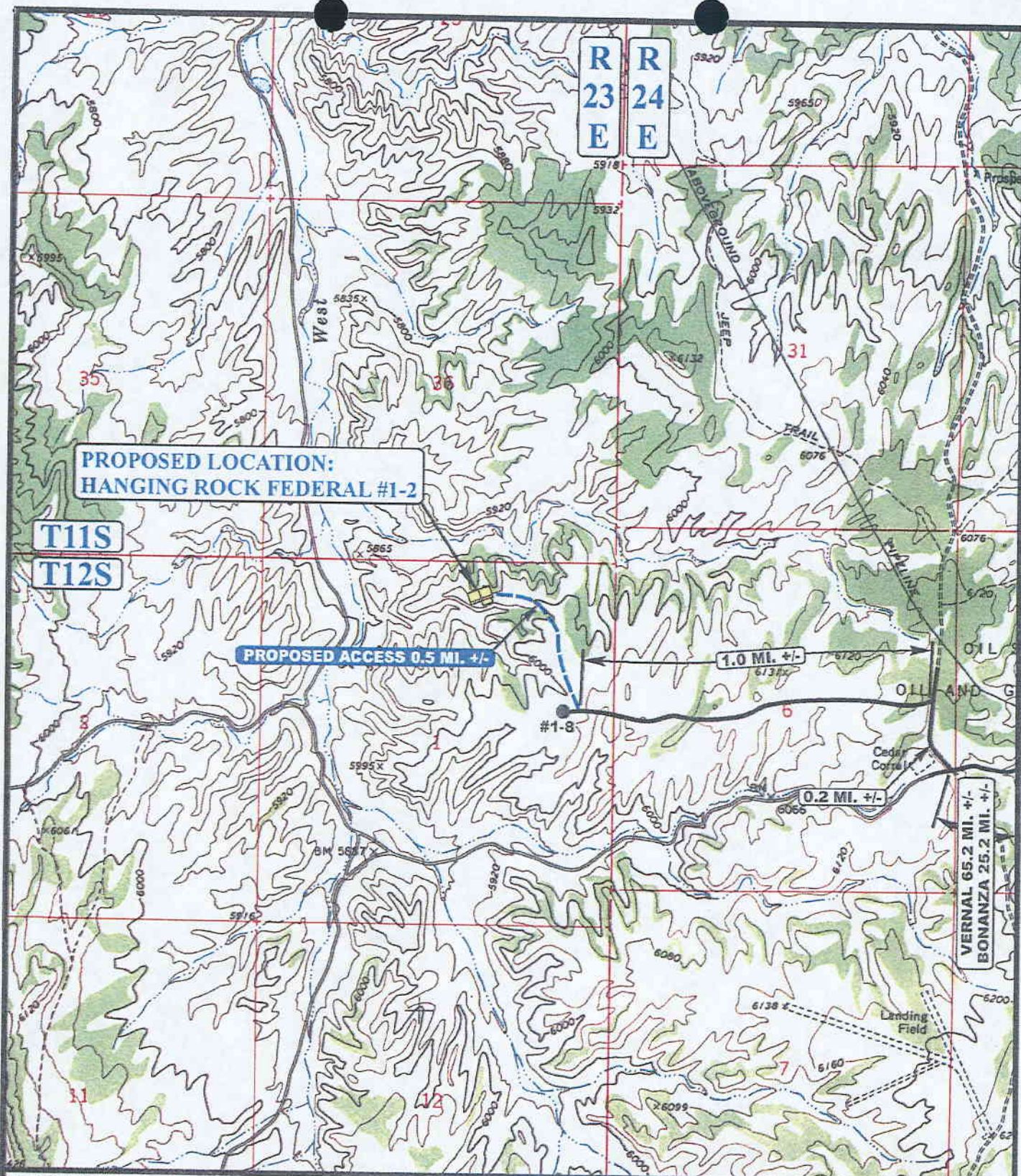
**SCALE: 1:100,000**

**DRAWN BY: C.P.**

**REVISED: 00-00-00**







# **LEGEND:**

— EXISTING ROAD  
 - - - PROPOSED ACCESS ROAD

**McELVAIN OIL & GAS PROP., INC.**

**HANGING ROCK FEDERAL #1-2**  
**SECTION 1, T12S, R23E, S.L.B.&M.**  
**529' FNL 2003' FEL**



**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813



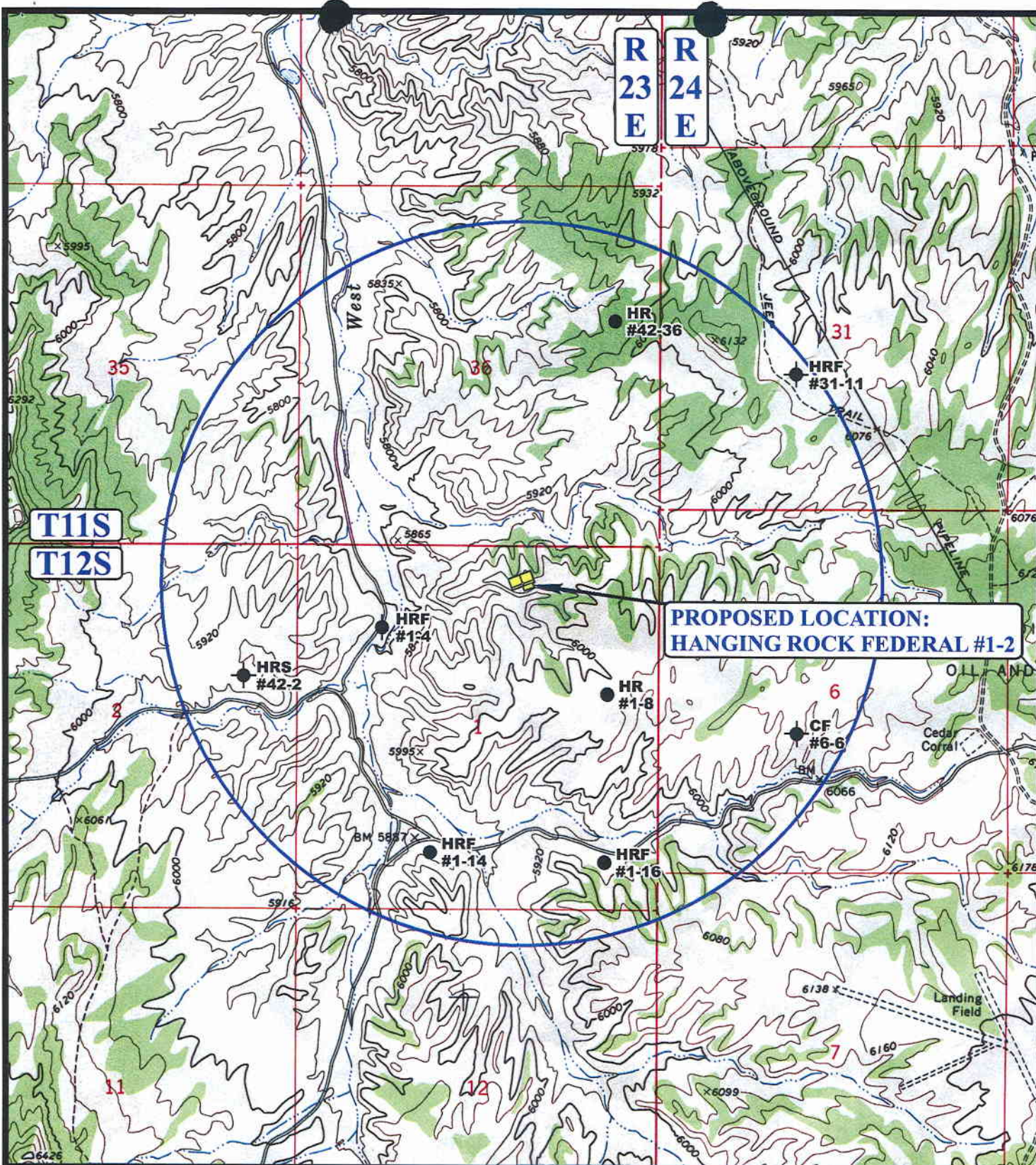
**TOPOGRAPHIC**  
**MAP**

**06 11 07**  
 MONTH DAY YEAR

**B**  
**TOPO**

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 06-26-07





# LEGEND:

- |                   |                         |
|-------------------|-------------------------|
| ○ DISPOSAL WELLS  | ○ WATER WELLS           |
| ● PRODUCING WELLS | ● ABANDONED WELLS       |
| ● SHUT IN WELLS   | ● TEMPORARILY ABANDONED |



**McELVAIN OIL & GAS PROP., INC.**

**HANGING ROCK FEDERAL #1-2**  
**SECTION 1, T12S, R23E, S.L.B.&M.**  
**529' FNL 2003' FEL**



**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

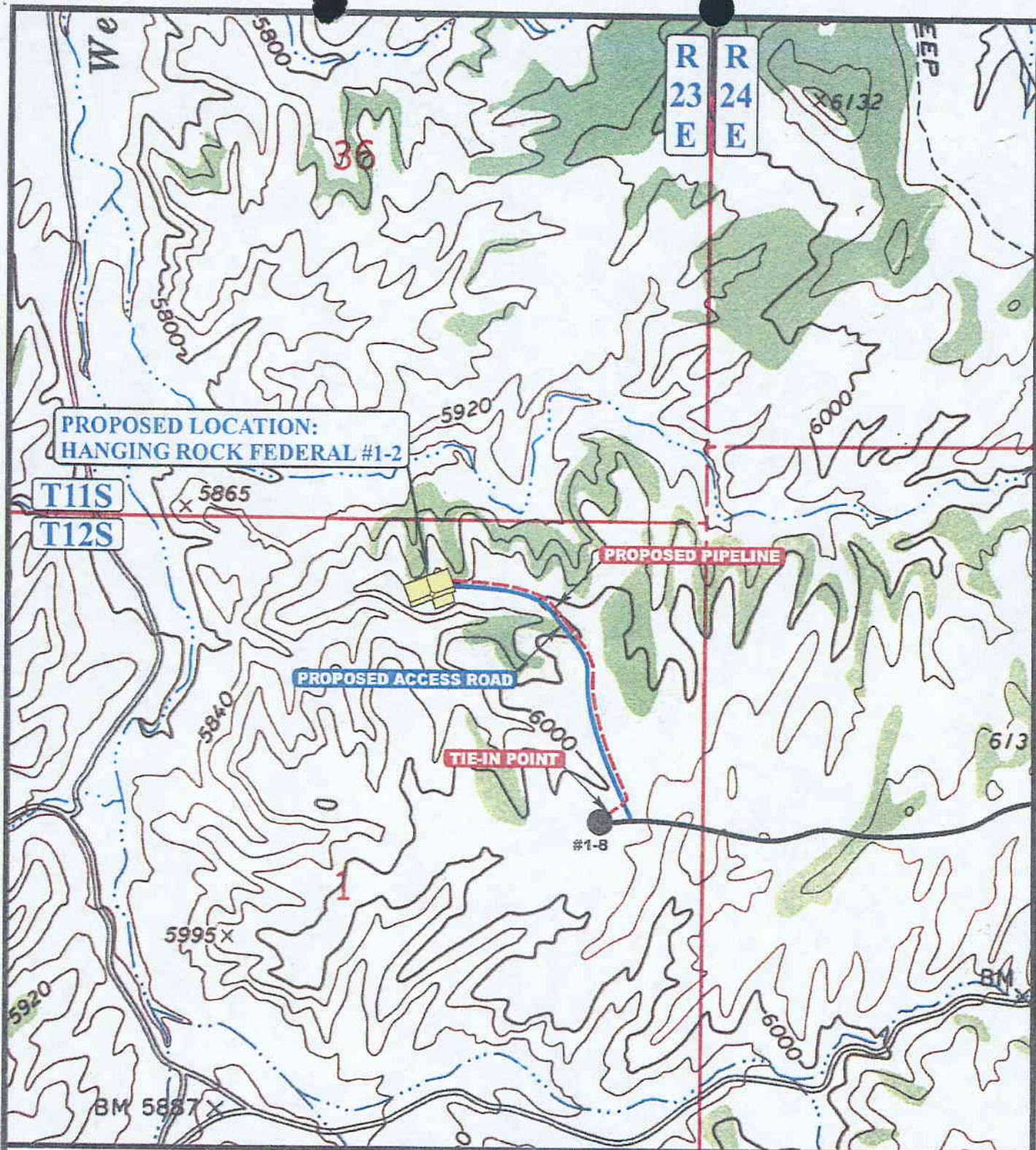
**TOPOGRAPHIC**  
**MAP**

**06** **11** **07**  
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00







APPROXIMATE TOTAL PIPELINE DISTANCE = 2,375' +/-

**LEGEND:**

- PROPOSED ACCESS ROAD
- - - - - PROPOSED PIPELINE
- - - - - PROPOSED PIPELINE (SERVICING OTHER WELLS)



**McELVAIN OIL & GAS PROP., INC.**

**HANGING ROCK FEDERAL #1-2  
SECTION 1, T12S, R23E, S.L.B.&M.  
529' FNL 2003' FEL**



**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC MAP**  
06 11 07  
MONTH DAY YEAR  
SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 06-26-07



**WORKSHEET**  
**APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 07/10/2007

API NO. ASSIGNED: 43-047-39430

WELL NAME: HANGING ROCK FED 1-2

OPERATOR: MCELVAIN OIL & GAS ( N2100 )

PHONE NUMBER: 303-893-0933

CONTACT: BARBARA MARTIN

PROPOSED LOCATION:

NWNE 01 120S 230E

SURFACE: 0529 FNL 2003 FEL

BOTTOM: 0529 FNL 2003 FEL

COUNTY: UINTAH

LATITUDE: 39.80825 LONGITUDE: -109.2887

UTM SURF EASTINGS: 646490 NORTHINGS: 4407666

FIELD NAME: OIL SPRINGS ( 635 )

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
-------------	----------	------

Engineering		
-------------	--	--

Geology		
---------	--	--

Surface		
---------	--	--

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-57455

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSMVD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat  
☒ Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. COB-000010 )  
☒ Potash (Y/N)  
☒ Oil Shale 190-5 (B) or 190-3 or 190-13  
☒ Water Permit  
(No. T-75517 )  
☒ RDCC Review (Y/N)  
(Date: )  
☒ Fee Surf Agreement (Y/N)  
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

\_\_\_ R649-2-3.

Unit: \_\_\_\_\_

☒ R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

\_\_\_ R649-3-3. Exception

\_\_\_ Drilling Unit

Board Cause No: \_\_\_\_\_

Eff Date: \_\_\_\_\_

Siting: \_\_\_\_\_

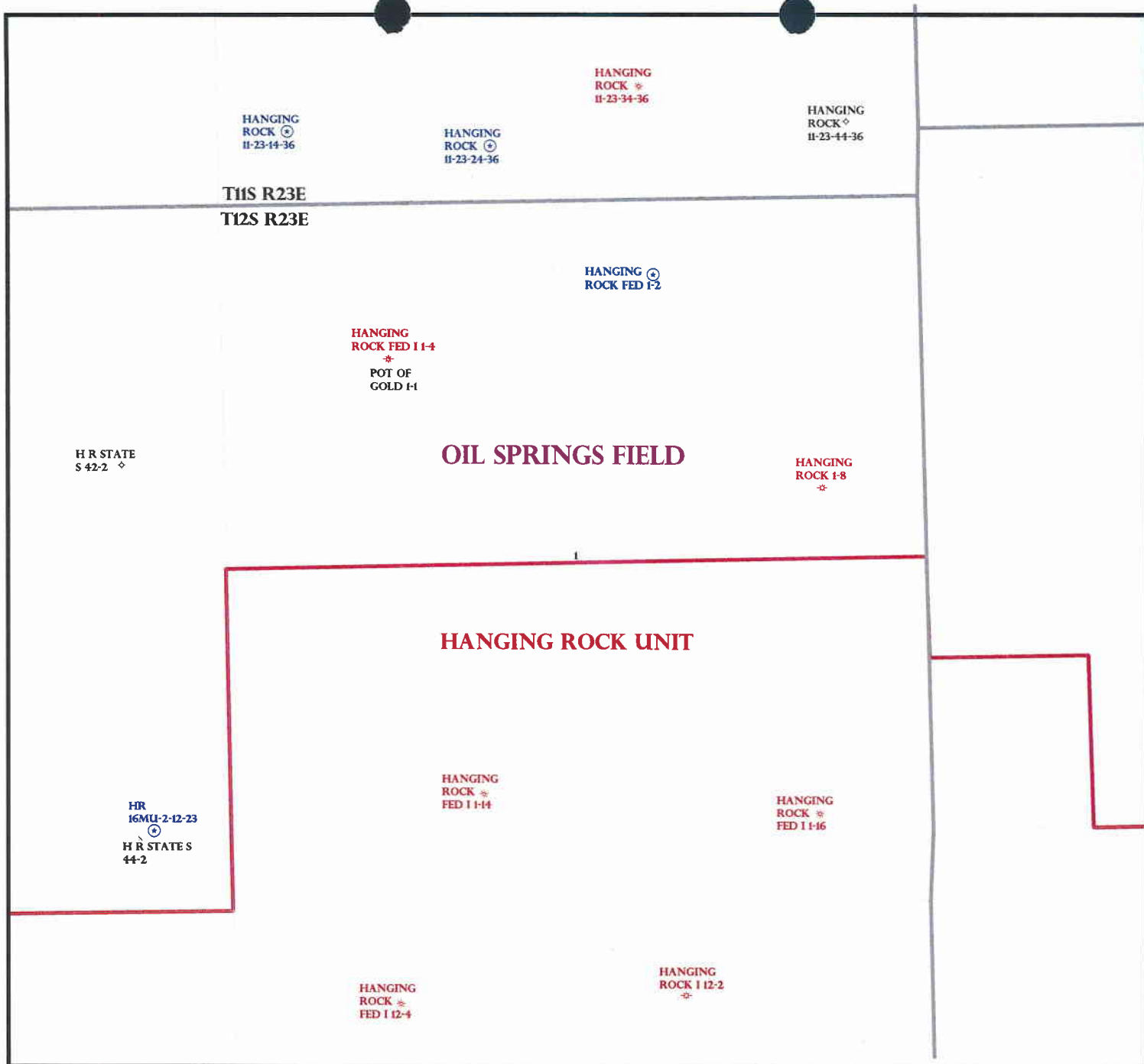
\_\_\_ R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

STIPULATIONS: \_\_\_\_\_

1- Federal Approval  
2- Spacing Stip





OPERATOR: MCELVAIN O&G PROP (N2100)

SEC: 1 T.12S R. 23E

FIELD: OIL SPRING (635)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

**Field Status**

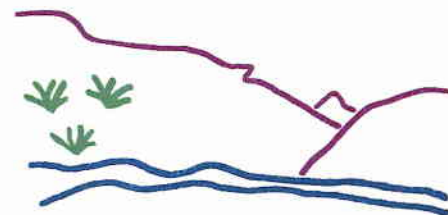
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

**Unit Status**

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

**Wells Status**

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON  
DATE: 12-JULY-2007





JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil Gas and Mining

JOHN R. BAZA  
Division Director

July 12, 2007

McElvain Oil & Gas Properties, Inc.  
1050 17th St., Suite 1800  
Denver, CO 80265

Re: Hanging Rock Federal 1-2 Well, 529' FNL, 2003' FEL, NW NE, Sec. 1, T. 12 South,  
R. 23 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-39430.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Uintah County Assessor  
Bureau of Land Management, Vernal Office

Operator: McElvain Oil & Gas Properties, Inc.  
Well Name & Number Hanging Rock Federal 1-2  
API Number: 43-047-39430  
Lease: UTU-57455

Location: NW NE Sec. 1 T. 12 South R. 23 East

### Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division with 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 office (801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**SUNDRY NOTICES AND REPORTS ON WELLS**  
**Do not use this form for proposals to drill or to re-enter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.  
UTU-57455

6. If Indian, Allottee or Tribe Name  
N/A

**SUBMIT IN TRIPLICATE – Other instructions on page 2.**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator  
McElvain Oil & Gas Properties, Inc.

3a. Address  
1050 17th Street, Suite 1800, Denver, CO 80265

3b. Phone No. (include area code)  
(303) 893-0933

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
529' FNL & 2003' FEL (NWNE) Sec. 1, T12S-R23E SLM & B

7. If Unit of CA/Agreement, Name and/or No.  
N/A

8. Well Name and No.  
Hanging Rock Federal #1-2

9. API Well No.  
43-047-39430

10. Field and Pool or Exploratory Area  
Oil Springs

11. Country or Parish, State  
Utah County, Utah

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>APD Change of Plans</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

McElvain Oil & Gas Properties, Inc. would like to make a change of plans on the APD for the Hanging Rock Federal #1-2 (API# 43-047-39430) located in the NWNE of Sec. 1, T12S-R23E of Uintah County, Utah. The location layout was revised. Attached is the revised location layout.

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
**FOR RECORD ONLY**

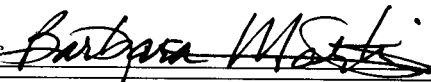
**RECEIVED**  
**JUL 31 2007**  
DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)  
Barbara Martin

Title Engineer

Signature



Date 07/26/2007

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

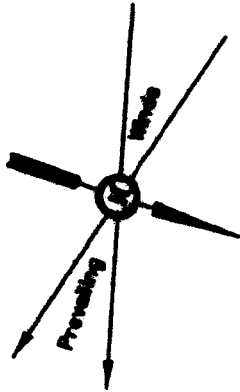
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

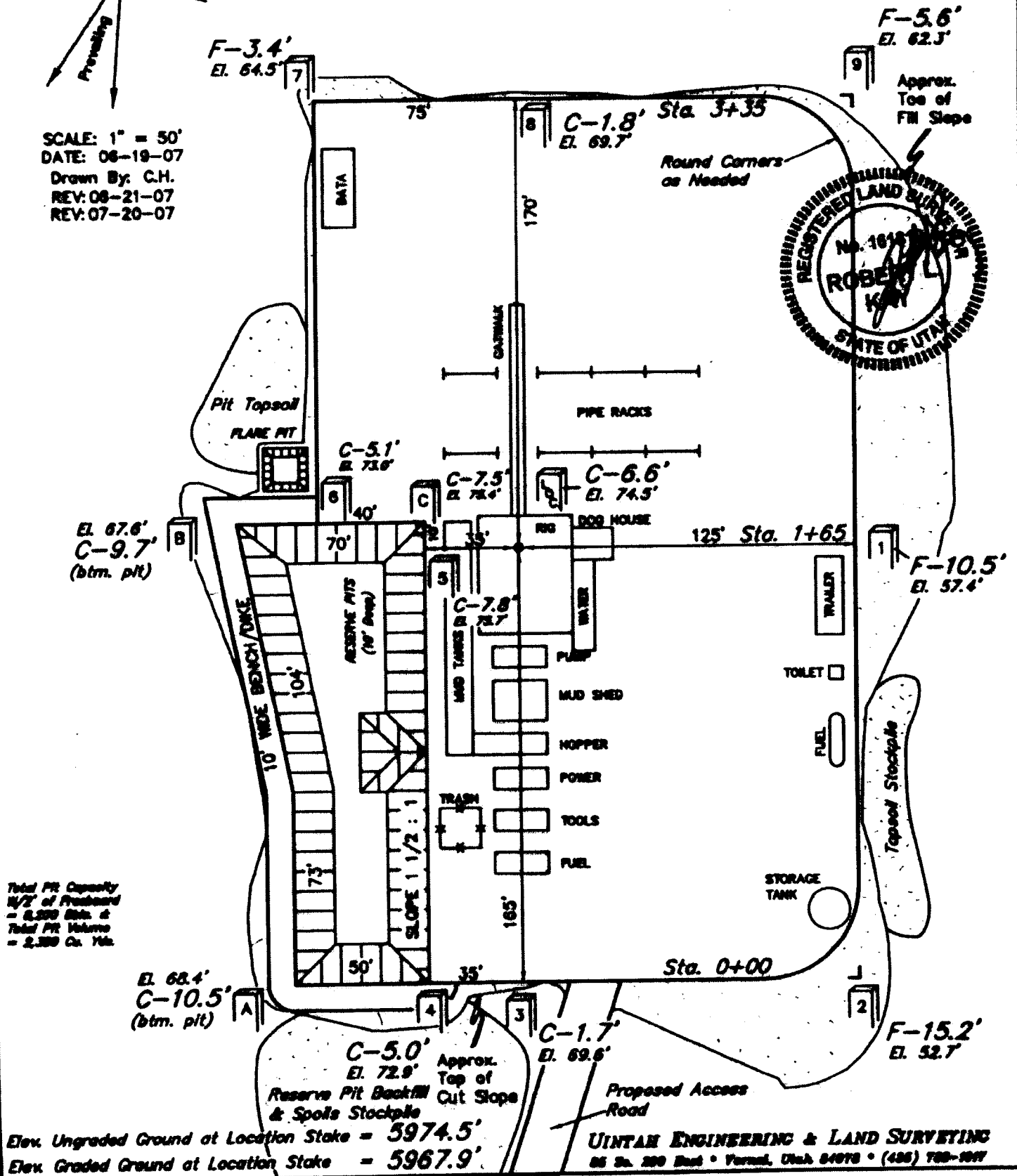
# McELVAIN OIL & GAS PROP., INC.

## LOCATION LAYOUT FOR

HANGING ROCK FEDERAL #1-2  
SECTION 1, T12S, R23E, S.L.B.&M.  
529' FNL 2003' FEL



SCALE: 1" = 50'  
DATE: 08-19-07  
Drawn By: C.H.  
REV: 08-21-07  
REV: 07-20-07



UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East • Panguitch, Utah 84650 • (435) 788-1017

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2007 JUL -9 PM 1:51

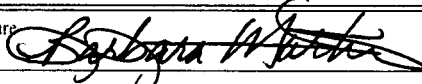
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

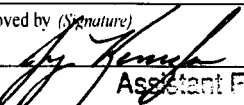
FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>UTU-57455</b>
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator <b>McElvain Oil &amp; Gas Properties, Inc.</b>		7. If Unit or CA Agreement, Name and No N/A
3a. Address <b>1050 17th St. Suite, 1800, Denver, CO 80265</b>		8. Lease Name and Well No. <b>Hanging Rock Federal #1-2</b>
3b. Phone No. (include area code) <b>(303) 893-0933</b>		9. API Well No. <b>43-047-39430</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface <b>529' FNL &amp; 2003' FEL (NWNE) Sec. 1, T12S-R23E SLB&amp;M Lot 2</b> At proposed prod. zone <b>same (vertical well)</b>		10. Field and Pool, or Exploratory <b>Oil Springs</b>
11. Sec., T. R. M. or Blk and Survey or Area <b>Sec. 1, T12S-R23E SLB&amp;M</b>		12. County or Parish <b>Uintah County</b>
14. Distance in miles and direction from nearest town or post office* <b>Approx. 25 miles South of Bananza, Utah</b>		13. State <b>UT</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>529' North Lease Line</b>	16. No. of acres in lease <b>10,092.7 Acres</b>	17. Spacing Unit dedicated to this well <b>40 Acres</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>"C"Topo 1mile Radius</b>	19. Proposed Depth <b>6500 ft</b>	20. BLM/BIA Bond No. on file <b>COB-000010</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>5967.9 GL</b>	22. Approximate date work will start* <b>09/01/2007</b>	23. Estimated duration <b>30 Days Constuction &amp; Drilling</b>
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature 	Name (Printed Typed) <b>Barbara Martin</b>	Date <b>07/06/2007</b>
Title <b>Engineer</b>		

Approved by (Signature) 	Name (Printed Typed) <b>JERRY KEVZKA</b>	Date <b>7-31-2007</b>
Title <b>Assistant Field Manager Lands &amp; Mineral Resources</b>		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

UNOON

**NOTICE OF APPROVAL**

RECEIVED

AUG 03 2007

DIV. OF OIL, GAS & MINING

NOS 6/14/07  
07 PP 2203A



UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL FIELD OFFICE

170 South 500 East VERNAL, UT 84078 (435) 781-4400



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

Company: McElvain Oil & Gas Properties, Inc. Location: Lot 2, Sec. 1, T12S, R23E  
Well No: Hanging Rock Federal 1-2 Lease No: UTU-57455  
API No: 43-047-39430 Agreement: N/A

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
NRS/Enviro Scientist:	Paul Buhler	(435) 781-4475	(435) 828-4029
NRS/Enviro Scientist:	Karl Wright	(435) 781-4484	
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	
NRS/Enviro Scientist:	Chuck MacDonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Jannice Cutler	(435) 781-3400	
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	

Fax: (435) 781-4410

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR  
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

**NOTIFICATION REQUIREMENTS**

Location Construction (Notify Environmental Scientist)	- Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	- Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	- Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	- Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

***SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)***

***Surface COAs:***

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

***Site Specific COAs:***

- **Threatened and Endangered Fish Mitigation for Water Supply**
  1. The best method to avoid entrainment is to pump from an off-channel location – one that does not connect to the river during high spring flows. An infiltration gallery constructed in a BLM and Service approved location is best.
  2. If the pump head is located in the river channel where larval fish are known to occur, the following measures apply:
    - a. do not situate the pump in a low-flow or no-flow area as these habitats tend to concentrate larval fishes;
    - b. limit the amount of pumping, to the greatest extent possible, during that period of the year when larval fish may be present (see above); and
    - c. limit the amount of pumping, to the greatest extent possible, during the pre-dawn hours as larval drift studies indicate that this is a period of greatest daily activity.
  3. Screen all pump intakes with ¼" mesh material.
  4. Report any fish impinged on the intake screen to the Service (801.975.3330) and the Utah Division of Wildlife Resources:

**Northeastern Region**  
152 East 100 North, Vernal, UT 84078  
Phone: (435) 781-9453

- Submit Sundry Notice Form 3160-5 for pipeline requests and necessary right-of-ways to Authorized Officer of the Vernal BLM if well are productive. A Sundry Notice will detail any changes in pipeline proposal from the Proposed Action.
- Prior to water disposal, submit Sundry Notice Form 3160-5 specifying Approved Water Disposal facilities to be used in conjunction with Proposed Action.
- The operator will control noxious weeds along access road use authorizations, pipeline route authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the BLM weeds specialist or the appropriate County Extension Office. On BLM administered land, it is required that a Pesticide Use Proposal (PUP) be submitted and approved prior to the application of herbicides, pesticides or possibly hazardous chemicals.
- All applicable local, state, and/or federal laws, regulations, and/or statutes will be complied with.
- All traffic related to this action will be restricted to approved routes. Cross-country vehicle travel will not be allowed.

- No vehicle travel, construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support vehicles and/or construction equipment. If such equipment creates ruts in excess of four inches deep, the soil shall be deemed too wet to adequately support construction equipment.
- The access road will be crowned and ditched. Flat-bladed roads are not allowed.
- If additional erosion occurs during the life of this project, more culverts, low water crossings, berms, wing ditches or etc. will be needed to control the erosion.
- Low-water crossings will be appropriately constructed to avoid sedimentation of drainage ways and other water resources.
- Pipelines will be buried at all major drainage crossings.
- Prevent fill and stock piles from entering drainages.
- **The reserve pit will be lined with 16 ml or greater liner and 1 felt liner prior to spudding.**
- The liner is to be cut 5 feet below ground surface or at the level of the cuttings, whichever is deeper, and the excess liner material is to be disposed of at an authorized disposal site.
- When the reserve pit contains fluids or toxic substances, the operator must ensure animals do not ingest or become entrapped in pit fluids.
- If Uinta Basin hookless cactus or other special status plants are found, construction will cease and the AO will be notified to determine the appropriate mitigation.
- The authorized officer may prohibit surface disturbing activities during severe winter conditions to minimize watershed damage. This limitation does not apply to operation and maintenance of producing wells.
- The authorized officer may prohibit surface disturbing activities during wet or muddy conditions to minimize watershed damage. This limitation does not apply to operation and maintenance of producing wells.
- All permanent (on-site six months or longer), above ground structures constructed or installed, including pumping units, any subsequent approved equipment/facilities would be painted a flat, non-reflective, earth tone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee. All facilities would be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) would be excluded. **The requested color is Olive Black as determined during the on-site inspection.**

- Reclamation:

Interim seed mix:

Bottlebrush Squirreltail grass	<i>Elymus elymoides</i>	1 lbs/acre
Hy-crest Crested Wheatgrass	<i>Agropyron cristatum</i>	9 lbs/acre
Wyoming Big Sagebrush	<i>Artemisia tridentata</i> var. <i>Wyomingensis</i>	1 lbs/acre
Shadscale saltbush	<i>Atriplex confertifolia</i>	1 lbs/acre

Final reclamation seed mix:

Bottlebrush Squirreltail grass	<i>Elymus elymoides</i>	1 lbs/acre
Hy-crest Crested Wheatgrass	<i>Agropyron cristatum</i>	9 lbs/acre
Wyoming Big Sagebrush	<i>Artemisia tridentata</i> var. <i>Wyomingensis</i>	1 lbs/acre
Shadscale saltbush	<i>Atriplex confertifolia</i>	1 lbs/acre



- All pounds are in pure live seed.
  - All seed and mulch will be certified weed free.
  - Drill seeding is the preferred method.
  - Rates are set for drill seeding; double the rate if broadcasting.
  - If broadcasting seed: The seed will be walked into the soil with a dozer immediately after the seeding is completed, or covered by soil using a drag chain.
  - Reseeding may be required if initial seeding is not successful.
- Trees and woody debris must be removed from the site and piled separately off site and saved for final reclamation. During final reclamation the trees and woody debris will be loped and scattered over the re-contoured and seeded areas, and spread evenly across the site. Trees and woody debris will not account for more than 20% of the total surface area of the site.
- Within 90 days of the approval date for this Application for Permit to Drill (APD), the operator will submit Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this will include the reshaping of the pad to the original contour to the extent possible; the re-spreading of the top soil up to the rig anchor points; and, the area reseeded using appropriate reclamation methods. The AO will provide written approval or concurrence within 30 calendar days of receipt.
- Sites that have pinyon and/or juniper trees, the trees will be stockpiled near site and loped and scattered onto site during interim and/or final reclamation.
- Once the location is plugged and abandoned, it shall be re-contoured to the natural topography, topsoil shall be re-spread, and the entire location shall be seeded with the final reclamation seed mix. Seed application will follow all guidelines in the interim seed mix bullet statement above. If reclamation seeding should take place using the broadcast method, the seed at a minimum will be walked into the soil with a dozer, immediately after the seeding is completed, or covered by soil using a drag chain.
- All boulders with a length or diameter greater than 3 feet, that are found showing at the surface, will be stockpiled for use during final reclamation.
- Notify the Authorized Officer 48 hours prior to surface disturbing activities.

**DOWNHOLE COAs:**

- Production casing cement shall be brought up and into the surface casing.

**All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to.** The following items are emphasized:

**DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT\_VN\_Wellogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

## **OPERATING REQUIREMENT REMINDERS:**

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location (¼¼, Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and/or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.

- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**SUNDRY NOTICES AND REPORTS ON WELLS**  
**Do not use this form for proposals to drill or to re-enter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.  
UTU-57455

6. If Indian, Allottee or Tribe Name  
N/A

**SUBMIT IN TRIPLICATE – Other instructions on page 2.**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator  
McElvain Oil & Gas Properties, Inc.

3a. Address  
1050 17th Street, Suite 1800, Denver, CO 80265

3b. Phone No. (include area code)  
(303) 893-0933

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
529' FNL & 2003' FEL (NWNE) Sec. 1, T12S-R23E SLM & B

7. If Unit of CA/Agreement, Name and/or No.  
N/A

8. Well Name and No.  
Hanging Rock Federal #1-2

9. API Well No.  
43-047-39430

10. Field and Pool or Exploratory Area  
Oil Springs

11. Country or Parish, State  
Utah County, Utah

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Reclamation</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Plans</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Interim Reclamation: Upon well completion, the reserve pit will be back filled and brought back to a contour that will not infringe on the well head. The North East portion of the drill pad is required for production facilities and truck turnarounds. South West side of the drill pad will be brought to contour and reseeded.

**RECEIVED**  
**AUG 15 2007**

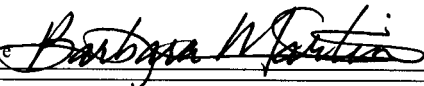
14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)  
Barbara Martin

Title Engineer

**DIV. OF OIL, GAS & MINING**

Signature



Date 08/13/2007

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: McElvain Oil & Gas Properties, Inc.  
Address: 1050 17th Street, Suite 1800  
city Denver  
state CO zip 80265

Operator Account Number: N 2100

Phone Number: (303) 893-0933

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304739430	Hanging Rock Federal #1-2	NWNE	1	12S	23E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	16400		10/17/07		
Comments: <u>WSMVD</u>						

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
Comments:						

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
Comments:						

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

RECEIVED  
OCT 04 2007

Barbara Martin  
Name (Please Print)  
Barbara Martin  
Signature  
Engineer  
Title  
Oct. 1, 2007  
Date



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**SUNDRY NOTICES AND REPORTS ON WELLS**  
**Do not use this form for proposals to drill or to re-enter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.  
UTU-57455

6. If Indian, Allottee or Tribe Name  
N/A

**SUBMIT IN TRIPLICATE – Other instructions on page 2.**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator  
McElvain Oil & Gas Properties, Inc.

3a. Address  
1050 17th Street, Suite 1800, Denver, CO 80265

3b. Phone No. (include area code)  
(303) 893-0933

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
529' FNL & 2003' FEL (NWNE) Sec. 1, T12S-R23E SLM & B

7. If Unit of CA/Agreement, Name and/or No.  
N/A

8. Well Name and No.  
Hanging Rock Federal #1-2

9. API Well No.  
43-047-39430

10. Field and Pool or Exploratory Area  
Oil Springs

11. Country or Parish, State  
Uintah County, Utah

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Drilling Progress</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Report</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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Please see attached drilling progress for the Hanging Rock Federal #1-2.

RECEIVED

OCT 25 2007

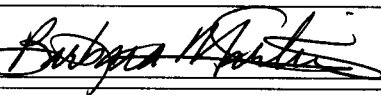
DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)  
Barbara Martin

Title Engineer

Signature



Date 10/23/2007

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

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(Instructions on page 2)

## Hanging Rock Federal #1-2

**10/15/07**

Move rig in and rig up rotary tools. Shut down and wait for daylight.

**10/16/07**

Rig up rotary tools. Nipple up, Rig up rotary tools.

**10/17/07**

Rig up rotary tools. Test B.O.P. Rig service: Pick up B.H.A. Wait on weight indicator:  
NOTE: pressure tested, upper Kelly cock, lower kelly cock, pipe rams, blind rams  
HRC valve, choke manifold, kill valve, 3000 psi high, for 10 minutes, 250 low 5 min.  
Hydrill tested at 2000 high, 250 low same time. Casing 1500 psi for 30 minutes All held.

**10/18/07**

Drill cement and plug: Circulate and survey: .47 degrees at 530' drilling: 605 to 788  
Survey: .35 degrees at 715'. Drilling: 788 to 1286'. Survey: .37 degrees at 1213 Drilling:  
1286 to 1317'.

**10/19/07**

Drilling; 1317 – 1444. Drilling: 1444 – 1473. Drilling: 1473 – 1815 Survey: .11 degrees  
at 1740. Drill: 1815 – 1908. Drill: 1908 – 2310. Survey: 1.07 degrees at 2237.  
Drill: 2310 – 2808.

**10/20/07**

Drill: 2808-3120. Drill: 3120 – 3338, Survey: .80 At 3263, Drill: 3338 – 3836. Survey:  
1.34 at 3763. Drill: 3836 – 4290

**10/21/07**

Drill: 4290-4365. Circulate and condition hole: Short trip to casing: SLM out of hole:  
SLM 4363, Drill: 4365-4375, Circulate and condition hole; Trip out of hole and lay down  
motor. Safety meeting, Rig up to log with Schlumberger and log well with same. Trip in  
D.C.'s:

**10/22/07**

Trip in DCs: Trip in hole: Circulate and condition hole: Lay down drill pipe and collars:  
Pull wear bushing: Rig up to run casing.

**10/23/07**

Casing in hole: shoe 1.00' jt casing 45.06 Float collar, 1.00' 96 jts csg. Total in hole  
4353' landed at 4369.41, KB 16'  
Cement with BJ services:  
Lead: Pump 453 sks PLII + Adds, (Density: 12.5 ppg, Yield: 2.18 cuft/sk).  
Tail: Pump 177 sks 50/50 POZ + Adds, (Density: 14.4 ppg, Yield: 1.25 cuft/sk).  
14 bbls of good cement to surface:  
Nipple down and clean mud pits: Rig down rotary tools:  
NOTE: Rig released at 14:00 10-22-07.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**SUNDRY NOTICES AND REPORTS ON WELLS**  
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5. Lease Serial No.  
UTU-57455

6. If Indian, Allottee or Tribe Name  
N/A

**SUBMIT IN TRIPLICATE – Other instructions on page 2.**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator  
McElvain Oil & Gas Properties, Inc.

3a. Address  
1050 17th Street, Suite 1800, Denver, CO 80265

3b. Phone No. (include area code)  
(303) 893-0933

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
529' FNL & 2003' FEL (NWNE) Sec. 1, T12S-R23E SLM & B

7. If Unit of CA/Agreement, Name and/or No.  
N/A

8. Well Name and No.  
Hanging Rock Federal #1-2

9. API Well No.  
43-047-39430

10. Field and Pool or Exploratory Area  
Oil Springs

11. Country or Parish, State  
Utah County, Utah

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TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>APD Change of Plans</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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McElvain Oil & Gas Properties, Inc. would like to make a change of plans on the APD for the Hanging Rock Federal #1-2 (API# 43-047-39430) located in the NWNE of Sec. 1, T12S-R23E of Uintah County, Utah. The APD was approved to drill to the depth of 6,500'. We would like to change our plans on the APD with a new TD of 4,400'. Attached is the revised Ten Point Drilling Plan to reflect our changes.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Federal Approval of this  
Action is Necessary

Date: 09-27-07

By: [Signature]

RECEIVED

SEP 27 2007

DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)  
Barbara Martin

Title Engineer

COPY SENT TO OPERATOR

Date: 9-28-07

Initials: PM

Signature

[Signature]

Date 09/25/2007

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

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(Instructions on page 2)

**Ten Point Drilling Plan**  
**Revised 9-25-2007**

McElvain Oil & Gas Properties, Inc.

Hanging Rock Federal #1-2

Surface Location NW ¼, NE ¼, Section 1, T12S-R23E, SLB&M  
Uintah County, Utah

**1. Surface Formation**

Uintah

**2. Estimated Formation Tops and Datum**

(Datum Assumes 16' KB above ungraded GLE of 5,975' from sea level = 5,991' KB)

<u>Formation</u>	<u>Top @ Drill Depth</u>	<u>Datum</u>	<u>Anticipated Fluids</u>
Uintah	Surface	+5,991' KB	
Green River	491'	+5,500' KB	
Uteland Butte	2,491'	+3,500' KB	
Wasatch	2,591'	+3,400' KB	Gas, Water
Mesaverde	4,241'	+1,750' KB	Gas, Water
Estimated TD	4,400'		

Potential formation objectives include the Uteland Butte, Wasatch and Mesaverde, including the Mesaverde sub-members. Primary objectives will be the Wasatch and Mesaverde.

**3. BOP and Pressure Containment Data**

Formation pressures are anticipated to be normally or slightly under-pressured with a maximum bottom hole pressure of slightly less than 1,925 psi (pressure gradient of less than 0.435 psi/ft).

A 2000-psi WP BOP system as described in 43 CFR 3160 "Onshore Oil and Gas Order #2" will be utilized. The system will consist of a 2,000 psi double ram preventer with one blind, one pipe ram. The system may, depending on the drilling rig's substructure clearance, utilize a rotating head. Please refer to the attached BOP diagram for this 2,000 psi BOP configuration. The kill line and choke manifold will have a 2,000 psi or higher pressure rating. The BOP system, including the surface casing, will be pressure tested following initial installation and prior to drill-out of the surface casing. Pressure tests will be conducted to the minimum standards set forth in "Onshore Oil and Gas Order #2". The BOP will be mechanically checked daily during the drilling operation.

**4. Proposed Hole, Casing and Cementing Data****Hole & Casing Configuration**

<u>Hole Size</u>	<u>Hole Interval</u>	<u>Casing Size</u>	<u>Setting Depth</u>	<u>Casing New/Used</u>
12 1/4"	0 - 650'	9 5/8"	600' - 650'	New
7 7/8"	600' - TD	4 1/2"	T.D.	New

**Casing Properties**

<u>Csg Size</u>	<u>Csg Wt./Ft</u>	<u>Csg Grade</u>	<u>Csg Thread</u>	<u>Csg Collapse</u>	<u>Csg Burst</u>	<u>Csg Tensile</u>
9 5/8	32.3	H-40	ST&C	1,400 psi	2,270 psi	254,000#
4 1/2	11.6	K or J-55	LT&C	4,960 psi	5,350 psi	184,000#

If used, conductor pipe will be set at approximately 40 feet and have a 14" minimum outside diameter.

**Cement Program**

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amount</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
9 5/8"	Premium + 2% CaCL + 0.25 lb/sk. Cello Flake.	345 sacks	1.18 cf/sk	15.6 lbs/gal

*Above surface casing cement volume based upon 75-100% excess for cement to surface*

4 1/2"	<u>Lead</u> (2350'-surface) Premium + 16% Gel + 1% Econolite + 5#/sk Gilsonite + 1.5#/sk Granulite + 0.25#/sk Flocele + 3% Salt	190 sacks	3.81 cf/sk	11.0 lbs/gal
--------	---	-----------	------------	--------------

	<u>Tail</u> (TD to 2350') Premium-AG + 2% Gel + 0.5% Halad(R)-9 + 0.3% CFR-3 + 2% Microbond + 0.1% Super CBL	400 sacks	1.52 cf/sk	14.2 lbs/gal
--	--	-----------	------------	--------------

*Above cement volumes based upon 25% excess, or if accurate caliper log obtained, 15% excess for cement to surface.*

*A stage tool may be run if drilling conditions indicate a two stage job is warranted or if favorable mud log shows and elog responses indicate potential pay in the Uteland Butte or Green River Formation.*

**Float Equipment & Centralizers**

Surface casing will be single staged with guide shoe, 1 joint casing, baffle. A minimum of 3 bow spring centralizers will be run on bottom as follows: Center of shoe joint, top of 1st casing connection & top 2nd casing connection.

Production casing will be single staged with float shoe, 1 joint casing, float collar. A minimum of 3 centralizers will be run on bottom plus additional centralizers run through potential pay zones in the tail cement interval.

**5. Mud Program**

<u>Interval</u>	<u>Mud Type</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./Qt.</u>	<u>Fluid Loss ML/30 Min.</u>
0 - 650'	Air & Mist			No Control
650 - 2,150'	Water	8.4 - 8.8	28 - 36	No Control
2,150 - 4,400' (TD)	Water/Gel	8.8 - 9.4	32 - 42	8 - 10

*Unless hole conditions dictate otherwise, mud-up is anticipated to start approximately 300' above the Uteland Butte formation. Visual mud monitoring will be used.*

**6. Testing, Coring, Sampling and Logging Program**

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Mud loggers will be scheduled for call-out following drill-out of the surface casing. The rig-up of gas detection equipment and recovery of cuttings samples will start at the bottom of the Green River formation at approximately 2,450' drill depth. Initially, a 30 foot sampling frequency will be scheduled. Depending on drill rates and shows, and at geologist's discretion, sampling frequency may be increased to 10 foot intervals.

## d) Electric Logging:

<u>Type</u>	<u>Interval</u>
Induction-Gamma Ray-Caliper	TD to Surface Casing
Density-Neutron	
Cement Bond Log-Gamma Ray	PBTD to Top of Cement

**7. Abnormal Conditions**

Oil and gas shows are anticipated but no abnormal pressures, temperatures or other hazards are anticipated. Other wells drilled in the area have not encountered H<sub>2</sub>S. Anticipated formation pressures are expected to be “normally pressured” (0.435 psi/ft) or slightly under-pressured with a maximum bottom hole pressure of slightly less than 1,925 psi. Maximum anticipated surface pressure equals approximately 950 psi (Normal pressure gradient less partially evacuated hole gradient times depth: 0.435 psi/ft – 0.22 psi/ft x 4,400’ TD = 950 psi).

**8. Anticipated Starting Date & Drilling Schedule**

Location building and well spud is anticipated within 120 days of McElvain’s receipt of an approved drilling permit and conditioned upon lease wildlife stipulations. Duration of location construction, drilling & completion operations is expected to be approximately 55 aggregate days comprised of 7 construction days, 3 days to pre-set surface casing, 2 move-in/rig-up days, 15 drilling days, 2 rig-down/move-out days, 1 location prep day, 20 completion & testing days & 5 battery construction days.

**9. Variances**

Operator requests a variance to regulations requiring a straight run blooie line (when possible, a straight run blooie line will be used).

Operator requests a variance to regulations requiring an automatic igniter or continuous pilot light on the blooie line.

**10. Other**

Directional drilling for this location is dismissed in reference to Section 2.5.3 Directional Drilling of the RDG Final EIS. The RDG addresses directional drilling to be eliminated because of technical and economic limits. In brief, it addresses the Mesaverde and Wasatch formations consist of randomly stacked lenticular sand lenses. Most of the target formations are untested zones and directional drilling is expensive to drill. Therefore, drilling vertically through the target zone allows for more favorable economic results.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

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UTU-57455

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3b. Phone No. (include area code)  
(303) 893-0933

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9. API Well No.  
43-047-39430

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11. Country or Parish, State  
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	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
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Hanging Rock Federal #1-2 was spud September 25, 2007 at 4:30 AM by Pro Petro Services.

MIRU Pro Petro Services Drilled 12 1/4" Hole to 640". Ran 14jts of 9 5/8" H-40, 32.3 #/ft, ST&C, New Csg set at 604' (G.L). Ran 3 Centralizers, Guide Shoe, Float Collar, and Clamp

RU Pro Petro Cementing to cement Surface Casing, pumped 300 sks Class "G" with 2% CaCl2 & 0.25#/sk Flocele. Cmt wt: 15.8 ppg, Yield: 1.15 cuft/sk. Circulated 14 bbls of cement to the pit.

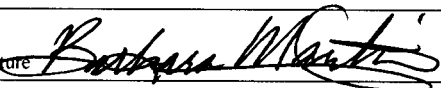
14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)

Barbara Martin

Title Engineer

Signature



Date 10/01/2007

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

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(Instructions on page 2)

**RECEIVED**

**OCT 03 2007**

**DEPT OF OIL GAS & MINING**



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB NO. 1004-0137  
Expires: July 31, 2010

## WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Dry <input type="checkbox"/> Other		5. Lease Serial No. UTU-57455							
b. Type of Completion: <input checked="" type="checkbox"/> New Well <input type="checkbox"/> Work Over <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Back <input type="checkbox"/> Diff. Resvr., Other: _____		6. If Indian, Allottee or Tribe Name							
2. Name of Operator McElvain Oil & Gas Properties, Inc.		7. Unit or CA Agreement Name and No.							
3. Address 1050 - 17th Street, Suite 1800 Denver, Colorado 80265		8. Lease Name and Well No. Hanging Rock Federal # 1-2							
3a. Phone No. (include area code) (303) 893-0933 xtn 330		9. AFI Well No. 43-047-39430							
4. Location of Well (Report location clearly and in accordance with Federal requirements)* 529' FNL & 2003' FEL (NWNE) Sec. 1, T12S-R23E S.L.B.&M. At surface  At top prod. interval reported below  At total depth same		10. Field and Pool or Exploratory Oil Springs							
		11. Sec., T., R., M., on Block and Survey or Area Sec. 1, T12S-R23E SLB&M							
		12. County or Parish Uintah	13. State UT						
14. Date Spudded 09/25/2007	15. Date T.D. Reached 10/20/2007	16. Date Completed 11/15/2007 <input type="checkbox"/> D & A <input checked="" type="checkbox"/> Ready to Prod.							
17. Elevations (DF, RKB, RT, GL)* 5968' GL, 5984' KB									
18. Total Depth: MD 4,381 TVD 4,381	19. Plug Back T.D.: MD 4,280 TVD 4,280	20. Depth Bridge Plug Set: MD na TVD							
21. Type Electric & Other Mechanical Logs Run (Submit copy of each) Density/Neutron/AIT/BHC Sonic/GR/SP/CBL		22. Was well cored? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit analysis) Was DST run? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit report) Directional Survey? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit copy)							
23. Casing and Liner Record (Report all strings set in well)									
Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
20"	14" Conduct		Surface	40'		3 yds Redimix		Surface	none
12.25"	9.625"/H40	32.3 #/ft	Surface	617' KB	na	300 sks - 'G'	61 bbls	Surface	none
7.875"	4.5"/J55	11.6 #/ft	Surface	4,350' KB	na	450sx-65:35 Pz	174bbls LEAD	Surface	none
						175sx-50:50 Pz	39 bbls TAIL		
24. Tubing Record									
Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	
2.375"	4083								
25. Producing Intervals									
Formation	Top	Bottom	26. Perforation Record		Size	No. Holes	Perf. Status		
A) Wasatch	2,596	4,240	Perforated Interval		0.34	27	Producing Natural - No Stim.		
B)									
C)									
D)									
27. Acid, Fracture, Treatment, Cement Squeeze, etc.									
Depth Interval		Amount and Type of Material							
		No breakdown or stimulation was performed on the existing perforations.							
28. Production - Interval A									
Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
12/11/07	12/11/07	20	→	0	623	0		0.605	Flowing
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
21/64	1300	1380	→	0	748	0		Producing into Energy Transfer gas gathering line	
28a. Production - Interval B									
Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→						

\*(See instructions and spaces for additional data on page 2)

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## 28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→						

## 28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→						

## 29. Disposition of Gas (Solid, used for fuel, vented, etc.)

Gas is producing into a Energy Transfer gas gathering line and is subsequently sold

## 30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

## 31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
Wasatch	4,080' KB	4,089' KB	Gas	Uteland Butte	2,521' KB
				Wasatch	2,596' KB
				Bentonite Marker	3,987' KB
				Mesa Verde	4,240' KB

## 32. Additional remarks (include plugging procedure):

14" conductor casing was set and cement to surface on 9/24/07, Pro-Petro was then moved to location to pre-set surface casing. Pro-Petro spud on 9/25/07, drilled a 12.25" hole to 640' (driller depth) and ran 14 Jts. of new 9.625", 32.3#, H40 surface casing utilizing 3 centralizers. Surface casing was set at 617' KB (Logger Depth) and cemented to surface with 300 sx of "Premium - G" cement mixed at 15.8 ppg and 1.15 Yield. Ensign Rig # 79 was then moved to location on 10/15/07 and began drilling a 7.875" production hole on 10/17/07. A TD of 4,381' was reached on 10/20/07. The hole was logged by Schlumberger and new 4.5", 11.6#, J55, LT&C casing with 14 centralizers was run to 4,350' KB and cemented by BJ Services in a single stage w/450 sx 65:35 Type II POZ LEAD cement (mixed at 12.5 ppg & 2.18 Yield) followed by 175 sx 50:50 'G' POZ TAIL cement (mixed at 14.4 ppg & 1.25 Yield) with full returns and 14 bbls cement recovered at surface. Ensign was released on 10/22/07. Completion operations began on 11/13/07 when the well was bond logged without pressure & verified good cement bond through the pay zone and into surface casing. The lower Wasatch was perforated from 4080-89' @ 3spf, 120 phased on 11/14/07 when the well came in natural (without any type of breakdown or stimulation). Tubing was landed on 11/15/07 and the service rig released. A static BHP survey was run on 11/26/07 indicating no fluid in hole and 1890 psi of BHP at 120 degrees F. The battery and pipe line construction was completed on 12/10/07. The pipe line was purged and the well opened to sales on 12/11/07.

## 33. Indicate which items have been attached by placing a check in the appropriate boxes:

- ☐ Electrical/Mechanical Logs (1 full set req'd.)     
 ☐ Geologic Report     
 ☐ DST Report     
 ☐ Directional Survey  
☐ Sundry Notice for plugging and cement verification     
 ☐ Core Analysis     
☒ Other: Cement Bond Log

## 34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)\*

Name (please print) E. Reed FischerTitle Senior Operations EngineerSignature E. Reed FischerDate 01/07/2008

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 3)

(Form 3160-4, page 2)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007**SUNDRY NOTICES AND REPORTS ON WELLS****Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.****SUBMIT IN TRIPLICATE- Other instructions on reverse side.**1. Type of Well  
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator  
**McElvain Oil & Gas Properties, Inc.**3a. Address  
**1050 - 17th Street, Suite 2500 Denver, Colorado 80265**3b. Phone No. (include area code)  
**303.893.0933**4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**529' FNL & 2,003' FEL (NWNE) Sec. 1, T12S-R23E SLB&M**

5. Lease Serial No.

**UTU-57455**

6. If Indian, Allottee or Tribe Name

**na**

7. If Unit or CA/Agreement, Name and/or No.

**na**

8. Well Name and No.

**Hanging Rock Federal # 1 - 2**

9. API Well No.

**43-047-39430**

10. Field and Pool, or Exploratory Area

**Oil Springs**

11. County or Parish, State

**Uintah County, Utah**

## 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input checked="" type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

**The referenced well had been shut-in for longer than 90 days. This sundry notice is submitted to notify the BLM of the resumption of production. The well resumed production on Monday, July 12, 2010 and is now selling gas.**

14. I hereby certify that the foregoing is true and correct
- 
- Name (Printed/Typed)

**E. Reed Fischer**Title **Senior Operations Engineer**

Signature

Date

**07/12/2010****THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**RECEIVED****JUL 15 2010**

DIV. OF OIL, GAS &amp; MINING

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET** (for state use only)

ROUTING

1. CDW

Change of Operator (Well Sold)

**X - Operator Name Change**

The operator of the well(s) listed below has changed, effective:

**8/11/2011**

**FROM:** (Old Operator):

N2100-McElvain Oil & Gas Properties, Inc.  
 1050 17th Street, Suite 2500  
 Denver, CO 80265

Phone: 1 (303) 893-0933

**TO:** ( New Operator):

N3795-McElvain Energy, Inc.  
 1050 17th Street, Suite 2500  
 Denver, CO 80265

Phone: 1 (303) 893-0933

**CA No.**

**Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST - 13 Wells								

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 8/30/2011
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 8/30/2011
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 8/30/2011
- 4a. Is the new operator registered in the State of Utah: \_\_\_\_\_ Business Number: 8078926-0143
- 5a. (R649-9-2)Waste Management Plan has been received on: \_\_\_\_\_
- 5b. Inspections of LA PA state/fee well sites complete on: n/a
- 5c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: not yet
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 8/31/2011
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 8/31/2011
- Bond information entered in RBDMS on: n/a
- Fee/State wells attached to bond in RBDMS on: n/a
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 8/30/2011

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: COB000010
- Indian well(s) covered by Bond Number: n/a
- 3a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number n/a
- 3b. The **FORMER** operator has requested a release of liability from their bond on: n/a

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

**COMMENTS:**

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☐ OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
McElvain Oil & Gas Properties, Inc. *N2100*

3. ADDRESS OF OPERATOR:  
1050 17th St, Suite 2500 CITY Denver STATE CO ZIP 80265

PHONE NUMBER:  
(303) 893-0933

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY:

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ NOTICE OF INTENT  
(Submit in Duplicate)

Approximate date work will start:

☐ SUBSEQUENT REPORT  
(Submit Original Form Only)

Date of work completion:

☐ ACIDIZE

☐ ALTER CASING

☐ CASING REPAIR

☐ CHANGE TO PREVIOUS PLANS

☐ CHANGE TUBING

☐ CHANGE WELL NAME

☐ CHANGE WELL STATUS

☐ COMMINGLE PRODUCING FORMATIONS

☐ CONVERT WELL TYPE

☐ DEEPEN

☐ FRACTURE TREAT

☐ NEW CONSTRUCTION

☒ OPERATOR CHANGE

☐ PLUG AND ABANDON

☐ PLUG BACK

☐ PRODUCTION (START/RESUME)

☐ RECLAMATION OF WELL SITE

☐ RECOMPLETE - DIFFERENT FORMATION

☐ REPERFORATE CURRENT FORMATION

☐ SIDETRACK TO REPAIR WELL

☐ TEMPORARILY ABANDON

☐ TUBING REPAIR

☐ VENT OR FLARE

☐ WATER DISPOSAL

☐ WATER SHUT-OFF

☐ OTHER: \_\_\_\_\_

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

McElvain Oil & Gas Properties, Inc. has changed it's name to McElvain Energy, Inc. Effective August 11, 2011.  
This is ONLY a name change.

*N3795*

Our BLM Bond # is COB - 000010

Attached is a well list.

NAME (PLEASE PRINT) Deborah Powell

TITLE Eng Tech Manager

SIGNATURE *Deborah Powell*

DATE 8/29/2011

(This space for State use only)

APPROVED *8/31/2011*

*Earlene Russell*

Division of Oil, Gas and Mining

Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

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DIV. OF OIL, GAS & MINING

well_name	sec	twp	rng	api	entity	lease	well	stat	l_num
CENTER FORK F 17-4	17	120S	240E	4304732750	12038	Federal	GW	S	UTU-75206
TOBY FEDERAL F 6-15	06	120S	240E	4304732757	12037	Federal	GW	P	UTU-08424A
ROSEWOOD FED 28-8	28	110S	220E	4304732840	12442	Federal	GW	S	UTU-65355
HANGING ROCK FED I 1-4	01	120S	230E	4304732855	12389	Federal	GW	S	UTU-57455
TUCKER FEDERAL F 8-4	08	120S	240E	4304732872	12125	Federal	GW	P	UTU-70239
TUCKER FEDERAL F 8-2	08	120S	240E	4304732993	12386	Federal	GW	P	UTU-70239
TUCKER FED 8-12	08	120S	240E	4304734729	13740	Federal	GW	S	UTU-70239
HANGING ROCK FED 11-9	11	120S	230E	4304734730	14017	Federal	GW	P	UTU-57455
HANGING ROCK 1-8	01	120S	230E	4304736042	15514	Federal	GW	P	UTU-57455
TUCKER FED 8-6	08	120S	240E	4304736837	15513	Federal	GW	P	UTU-70239
TUCKER FED 8-10	08	120S	240E	4304739187	16399	Federal	GW	S	UTU-70239
HANGING ROCK FED 1-2	01	120S	230E	4304739430	16400	Federal	GW	S	UTU-57455
ATCHEE WASH 33-9	33	100S	230E	4304740631		Federal	OW	APD	UTU-73451

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET (for state use only)**

ROUTING

CDW

**X - Change of Operator (Well Sold)**

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

**8/1/2014**

**FROM: (Old Operator):**

McElvain Energy, Inc. N3795  
 1050 17th Street, Suite 2500  
 Denver, CO 80265  
 303-893-0933

**TO: ( New Operator):**

Onshore Royalties, LLC N4140  
 P.O. Box 2326  
 Victoria, TX 77902  
 361-570-1600

**CA No.**

**Unit:**

**Haning Rock**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
See Attached List								

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 8/14/2014
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 8/14/2014
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 8/15/2014
- Is the new operator registered in the State of Utah: Business Number: 9116573-0161
- (R649-9-2)Waste Management Plan has been received on: N/A
- Inspections of LA PA state/fee well sites complete on: N/A
- Reports current for Production/Disposition & Sundries on: 8/15/2014
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM Not Yet BIA N/A
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: Not Yet
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: N/A
- Underground Injection Control ("UIC")** Division has approved UIC Form 5 Transfer of Authority to Inject, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 9/15/2014
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 9/15/2014
- Bond information entered in RBDMS on: N/A
- Fee/State wells attached to bond in RBDMS on: N/A
- Injection Projects to new operator in RBDMS on: N/A
- Receipt of Acceptance of Drilling Procedures for APD/New on: N/A
- Surface Agreement Sundry from **NEW** operator on Fee Surface wells received on: N/A

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: UTB000644
- Indian well(s) covered by Bond Number: N/A
- (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number N/A
- The **FORMER** operator has requested a release of liability from their bond on: N/A

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

**COMMENTS:**

McElvain Energy, Inc N3795 to Onshore Royalties, LLC. N4140  
Effective 8/1/2014

Well Name	Section	TWN	RNG	API Number	Entity	Mineral Lease	Well Type	Well Status	Unit
HANGING ROCK FEDERAL 24-13	24	110S	230E	4304732603	11723	Federal	GW	P	HANGING ROCK
HANGING ROCK FEDERAL I 1-16	1	120S	230E	4304732679	11889	Federal	GW	P	HANGING ROCK
HANGING ROCK FEDERAL I 12-4	12	120S	230E	4304732748	11889	Federal	GW	P	HANGING ROCK
HANGING ROCK FEDERAL F 7-6	7	120S	240E	4304732751	11889	Federal	GW	P	HANGING ROCK
TOBY FEDERAL F 6-15	6	120S	240E	4304732757	12037	Federal	GW	P	
HANGING ROCK FEDERAL I 1-14	1	120S	230E	4304732871	11889	Federal	GW	P	HANGING ROCK
TUCKER FEDERAL F 8-4	8	120S	240E	4304732872	12125	Federal	GW	P	
HANGING ROCK I 11-8	11	120S	230E	4304732935	12306	Federal	GW	P	HANGING ROCK
HANGING ROCK F 7-10	7	120S	240E	4304733100	12400	Federal	GW	P	HANGING ROCK
HANGING ROCK FED 11-9	11	120S	230E	4304734730	14017	Federal	GW	P	
HANGING ROCK I-8	1	120S	230E	4304736042	15514	Federal	GW	P	
TUCKER FED 8-6	8	120S	240E	4304736837	15513	Federal	GW	P	
CENTER FORK F 17-4	17	120S	240E	4304732750	12038	Federal	GW	S	
ROSEWOOD FED 28-8	28	110S	220E	4304732840	12442	Federal	GW	S	
HANGING ROCK FED I 1-4	1	120S	230E	4304732855	12389	Federal	GW	S	
HANGING ROCK FED F 7-8	7	120S	240E	4304732937	12305	Federal	GW	S	HANGING ROCK
TUCKER FEDERAL F 8-2	8	120S	240E	4304732993	12386	Federal	GW	S	
TUCKER FED 8-12	8	120S	240E	4304734729	13740	Federal	GW	S	
HANGING ROCK FED 7-2	7	120S	240E	4304735084	14019	Federal	GW	S	HANGING ROCK
TUCKER FED 8-10	8	120S	240E	4304739187	16399	Federal	GW	S	
HANGING ROCK FED 1-2	1	120S	230E	4304739430	16400	Federal	GW	S	



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STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

AUG 14 2014

FORM 9

DIV. OF OIL, GAS &amp; MINING

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: McElvain Energy, Inc. N3795		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 1050 17th St, Suite 2500 CITY Denver STATE CO ZIP 80265		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: COUNTY:		8. WELL NAME and NUMBER: Attached
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: STATE: UTAH		9. API NUMBER:
		10. FIELD AND POOL, OR WILDCAT:

## 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

McElvain Energy, Inc. current operator of the attached wells, has sold all wells on the attached list to:

Onshore Royalties, LLC  
P.O. Box 2326  
Victoria, TX 77902

N4140

Utah Operator # N4140  
Effective 8/1/2014

McElvain Energy, Inc.



Steven W. Shefte  
Vice President -COO

Onshore Royalties, LLC.



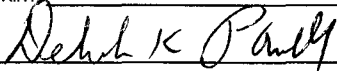
Michael Hahn  
Operations Manager

BLM Bond: UTB000644

NAME (PLEASE PRINT) Deborah Powell

TITLE Eng Tech Manager

SIGNATURE



DATE 8/13/2014

(This space for State use only)

APPROVED

SEP 15 2014

DIV. OIL GAS & MINING  
BY: Rachel Medina

**State of Utah**  
**Department of Natural Resources**  
**Division of Oil, Gas & Mining**

**Change of Operator**      From McElvain Energy, LLC (N3795)  
                                       To: Onshore Royalties, LLC (N4140)

Well Name	API	Legal	Status	Well Type	Utah ID	BLM ID
Center Fork F 17-4	43-047-32750	T12S R24E Sec 17 NWNW	S	GW	12038	UTU75206
Hanging Rock Fed 11-9	43-047-34730	T12S R23E Sec 11 NESE	P	GW	14017	UTU57455
Hanging Rock Fed 1-2	43-047-39430	T12S R23E Sec 1 NWNE	S	GW	16400	UTU57455
Hanging Rock Fed 1-8	43-047-36042	T12S R23E Sec 1 SENE	P	GW	15514	UTU57455
Hanging Rock Fed 7-2	43-047-35084	T12S R24E Sec 7 NWNE	S	GW	14019	UTU73518B
Hanging Rock Fed I 1-14	43-047-32871	T12S R23E Sec 1 SESW	P	GW	11889	UTU73518B
Hanging Rock Fed 24-13	43-047-32603	T11S R23E Sec 24 SWSW	P	GW	11723	UTU73518A
Hanging Rock Fed 7-6	43-047-32751	T12S R24E Sec 7 SENW	P	GW	11889	UTU73518B
Hanging Rock Fed 7-8	43-047-32937	T12S R24E Sec 7 SENE	S	GW	12305	UTU73518B
Hanging Rock Fed F 7-10	43-047-33100	T12S R24E Sec 7 NWSE	P	GW	12400	UTU73518B
Hanging Rock Fed I 1-16	43-047-32679	T12S R23E Sec 1 SESE	P	GW	11889	UTU73518B
Hanging Rock Fed I 11-8	43-047-32935	T12S R23E Sec 11 SENE	P	GW	12306	UTU73518B
Hanging Rock Fed I 1-4	43-047-32855	T12S R23E Sec 1 NWNW	S	GW	12389	UTU57455
Hanging Rock Fed I-12-4	43-047-32748	T12S R23E Sec 12 NWNW	P	GW	11889	UTU73518B
Rosewood Fed 28-8	43-047-32840	T11S R22E Sec 28 SENE	S	GW	12442	UTU65355
Toby Federal F 6-15	43-047-32757	T12S R24E Sec 6 SWSE	P	GW	12037	UTU08424A
Tucker Fed 8-10	43-047-39187	T12S R24E Sec 8 NWSE	S	GW	16399	UTU70239
Tucker Fed 8-12	43-047-34729	T12S R24E Sec 8 NWSW	S	GW	13740	UTU70239
Tucker Fed 8-6	43-047-36837	T12S R24E Sec 8 SENW	P	GW	15513	UTU70239
Tucker Fed F 8-2	43-047-32993	T12S R24E Sec 8 NWNE	P	GW	12386	UTU70239
Tucker Fed F 8-4	43-047-32872	T12S R24E Sec 8 NWNW	P	GW	12125	UTU70239